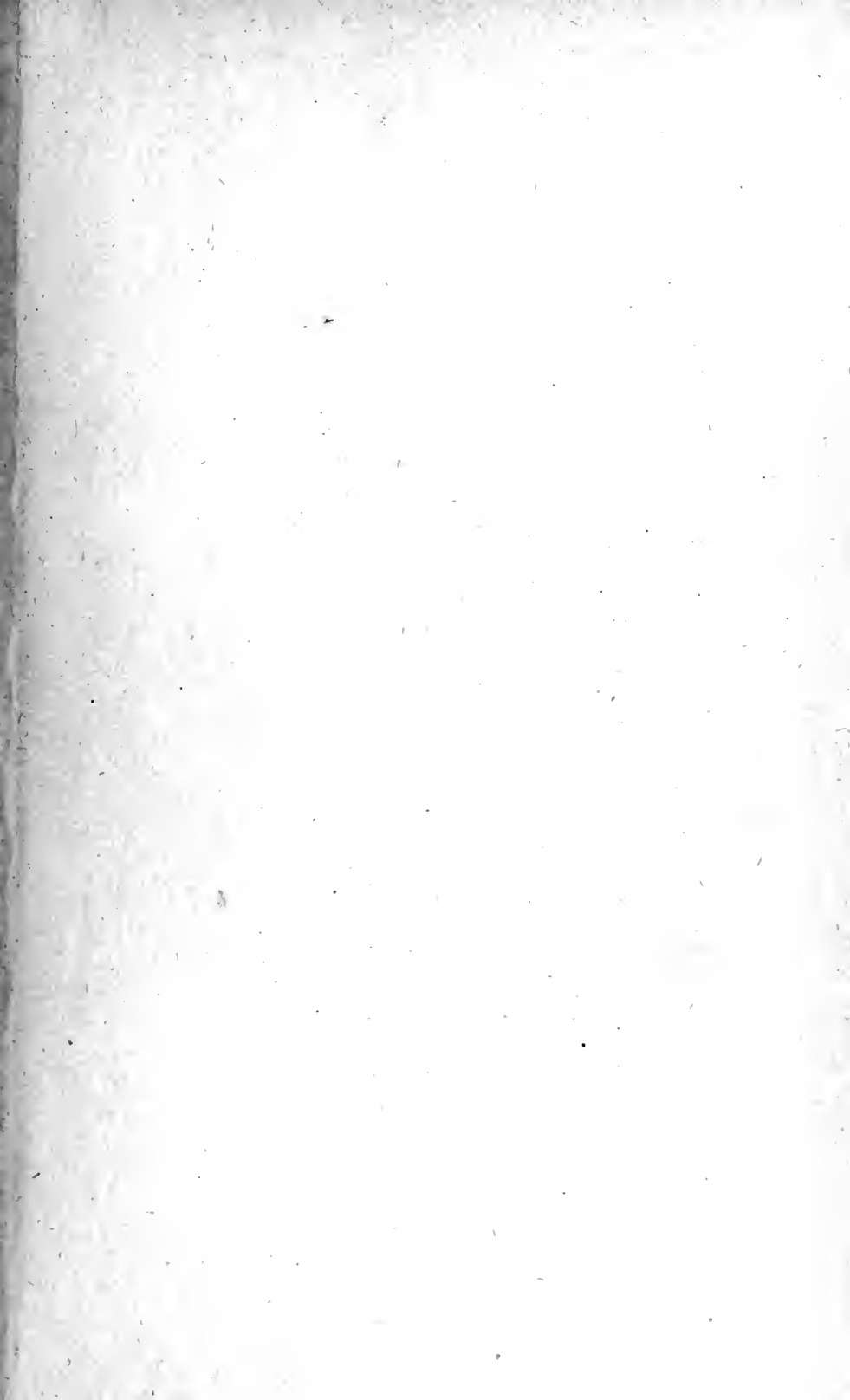




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# The Social Economist.

Editors: { GEORGE GUNTON.  
STARR HOYT NICHOLS.

**NOVEMBER, 1891.**

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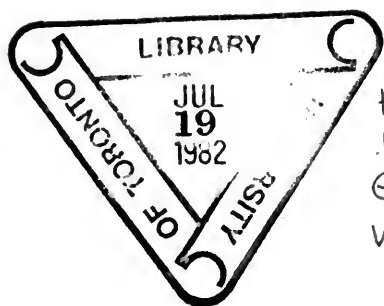
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NOVEMBER, 1891.

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Machine Politics.

In all quarters where reform and political purity are deemed to be objects of desire there has been a prolonged and persistent revolt against the machine. "Smash the machine" has been the motto of every sort of mugwump, and every variety of citizen's ticket, clergyman's ticket, reformer's ticket, honest ballot ticket, has had the political machine in its eye as the great antagonist of all that was excellent and beautiful in affairs. And so loud has been the outcry, so general the denunciation, that the machine has become a name of obloquy, and men have felt towards it very much as our ancestors did towards a woman said to be a witch. The dog has been given a bad name, and now no one is so bold as to stand up for him lest he also get the stones which are intended for the dog. All our idealists feel about the machine very much as workmen used to feel against cotton gins and steam shovels,—that somehow or other they were a pestiferous invention.

But when the reality is considered, a machine in politics or anywhere else is simply an organization to reach certain ends. In so far as it is an organization, is is certainly better than disorganization, since no political action in communities is possible in a state of anarchy. In a state like ours, the political machines are two large organizations made for the purpose of carrying the

party's principles and measures forward to success. And it is as legitimate to organize for that purpose as it is for building a railway or establishing a bank. In fact, nothing could be done without it. Men and measures alike would be lost in one utter chaos of inefficiency. When men then start out for what they call reform with the cry of "smash the machine," they are simply indulging their love of noise and their love of fine sentiment without any sufficient appreciation of the effect of their actions. They are like the French Revolutionaries of the last century, who simply started out to overthrow the government regardless of what might follow. These excellent persons were astounded when the real Revolution did follow, and in the carnival that followed the ruin of governmental machinery, most of them lost their heads.

These various mugwumps and anti-machine men of our time would do well to think things out a little further, and consider how things would be if their benevolent aspirations were to succeed and our country were left denuded of our great political organizations,—the prey and open field of every man with a nostrum, and the arena of contention for a hundred different parties in every State. Of course they do not consider any such condition, because it is not possible as things are, and therefore they are not afraid of it. Nor do we ask them to be afraid of it; but what we do ask is that they should consider whether it is worth while for an intelligent and leading citizen to be contending for a condition of things which, if attained, would even in his own eyes be the climax of disaster. For certainly it is not wise to be laboring for something which one does not for a moment wish to effect. Wendell Phillips used to say that he talked absurd doctrines for the purpose of setting people to thinking, that they needed to be startled to be moved at all; but how much better it would have been for the reputation and efficiency of that charming orator, if in addition to his trenchant style and his oratorical grace he had also spoken things of pith and moment, able not only, as he said, to set people to thinking, but also to show them whither their thoughts should

tend. He would not only have aroused attention in that way, but would also have helped things forward. Alexander Hamilton did this, and bears a name that even Phillips might envy, while Phillips himself is going into lasting eclipse. But Phillips doubtless talked at random because he did not himself see in what direction our political steps should tend.

And so also apparently our good friends who are crying at every corner and at every election "smash the machine," do so because they know of nothing better to say, not seeing clearly what should be done at any time. And so they repeat their ineffective shibboleths at each crisis, of good men, good measures, honest administration, political purity—cries in which Tammany Hall will join them in an overwhelming chorus and with an unction far surpassing their own. Indeed, was not a recent Presidential ticket headed "Tilden and Reform" by a humorous Democracy?

But indeed it is better to say what specially should be done than it is to cry out for political purity and cry against the machine as if the first were a novelty, and the destruction of the second would of itself set things going on the right track. But as a rule our reformers do not know what they wish to have done. They wish "to stop fraud and corruption and the spoils system," and to put the sinners out and the saints in. By all means, we add, but that can never be done except by an organization, and the new organization would also be a machine, and without such a machine no purposes either good or bad would be effected. Therefore, what our reformers first want is a new machine.

Now it is a rule in industries that no old machine can be supplanted except by a better one,—one which does more work at less cost than the old one. And when such a machine is brought forward it supersedes the old one without trouble, on account of its manifest superiorities.

And it cannot be denied that various new machineries have been brought forward to supplant the old ones at various times—County Democracies, Farmers' Alliances, Prohibitionists, with

others and submitted to the people for their approval. These have so far, however, not shown such capacity for doing their work better than the old organizations as to command the overwhelming support of our voters, and so they remain, like many excellent models in the patent office, simply on show and un-availing. They look well in the cases, however, and are valuable as examples of how not to do it. And the total effect of them is rather to discourage anti-machinists in politics as shooting a losing score and scarcely getting game for the powder expended. But they are usually stout hearted, quixotic, and ready to try again after every defeat; so they return with perpetual iteration into the political arena. They seek reform by sonnet with our innocent poet, Mr. Gilder, or by sermon with Dr. Rainsford, or by lecture with the Nineteenth Century Club, or by essays with Mr. Dorman B. Eaton, or by editorial with *The Evening Post*. They all fail to get what they want, since neither sonnet, nor sermon, nor lecture, nor essay, nor editorials are of the nature of machinery sufficiently to make their efforts successful as against the real machinery of the great parties. One might as well put a hand-loom against a cotton mill, or a horse-car against the elevated trains.

For the great machine has its different members all in order, pours forth pamphlets by the million and speakers by the thousand, keeps its lists of how everybody thinks and votes, of who is strong and who weak, of what men's interest demands, and what their principles, has the country tabulated, arranged, characterized, and so discharges its duties with speed, accuracy, and force to every nook and corner of its precincts. It goes everywhere, hears everything, befriends everybody, and so knits to its allegiance in a thousand ways the doubtful, the ignorant, the independent, and comes to the polls with its millions of votes as certainly as a brick machine will deliver its tale of bricks per day. All this it does because it is a machine and has all the punctuality, precision, capacity and all-accomplishing tireless-



ness of the mechanics from which it is named. It is in reality no one person, nor any set of persons, it has no unchangeable principles, or methods, or aims; it is the party in its organization, it stands for the average able man of the party, it is in touch with the average common man, it has the principles which the party wishes to prevail and the ideas it wishes enforced. Its aim is never to rule or ruin, but to rule according to its views. It is never seeking for purity as such, nor for righteousness as such; these are too abstract and remote for its attention. It is in business to succeed, not to promote virtue except in so far as its success shall promote virtue. Its aim is not that of the church; its aim is to direct men and social relations in such a way as to subserve material interests, and it uses human means for human results. It refuses no man's aid because he is a scoundrel—like merchants it takes money from rogues and honest men alike—as the church does also. Taking it for all in all, it represents the best ideas of its party and its best practical men. And it has one enormous advantage over the idealists and out-siders who kick against the details and methods of its management, in that it can get its objects accomplished, its principles carried out, while they remain like the voice of one crying in the wilderness. It can maintain itself in the struggle for existence.

It is this gross and cardinal fact which the people emphasize in the slightly veiled contempt with which they speak of "the scholar in politics," "the silk stocking," or "tenderloin district," "the kid-glove gentry," meaning always a delicate fragment which cannot get its ideas adopted, and always goes to the wall in political struggles for power. No doubt the idealists retort upon them for their low and coarse views, for their bribery, their tricks, their treacheries, the methods of their electioneering, their love of spoils; but it is better to be a living dog than a dead lion. Inefficiency is just as bad as many other faults combined, and nature counts it one of the worst. She deals lightly with many vices but not with that, and drowns a cargo of missionaries in a

badly-sailed ship, where a crew of pirates who are good sailors are allowed to live. If one is going to govern men, the first thing is to have the government. *Then* put in practice your views.

But what shall a reformer or patriot do then? may be asked. Shall he stand silent and support every briber and scoundrel, every saloon-keeper and thief who is up for office on a party ticket? Shall he back the machine through thick and thin, play into the hands of Tweed or Quay as it happens, without protest? No! Not this. He may change his party if he choose altogether, since it certainly were better that anybody go in, than that the great party organizations go to pieces and chaos return again. A bad society is better than anarchy.

But the method of reformer and idealist is clearly indicated in the fact that the organization is a machine. A manufacturer who has a factory does not throw out all his machinery because it is turning out a poor product when the imperfection of the product results from the use of poor material. If the machine elects rogues or enacts absurd legislation, that is not the fault of the machine, but of the material used. The duty of the reformers in that case is not to "smash the machine," but to try to improve the material it uses, by disseminating among the voters the new ideas it wants to introduce into public policy. There is no more reason for a third party because the policies of the Democratic or Republican parties are unsatisfactory, than there would be for breaking up the machinery of a cotton factory because it has been using poor cotton instead of good. If the reformer is sincere in his desires he is willing to labor to get his views adopted, his improvements introduced, to put a better man here, and a better servant there, to get principles revised and party morals elevated, and he spends his strength in that direction. He drudges for this, he labors, he attends to details. He thus becomes a party leader, careful never to go too far, never to lag behind. He does not lash out into independency, crying against the awful corruption of the times—only the useless do that; but he keeps near

the ranks, doing always the best he can, patient with the party because it is a great party and a slow party, because the mass of men are slow and their ways trying. But he never ceases from his task of trying to keep the machine up to its best form and to improve it as occasion serves. The out-and-outer stands afar off and reviles his efforts, points to the spotted among his associates, reproves his time-serving, calls aloud to the world to notice his own superior virtue, and has his labor for his pains, doing some little good in a desultory fashion.

Not that the reformer should in any wise forsake his fine and high vocation as a protester against the common output of the machine. He should in his ideal and forcible way be continually supplying a grist of new thoughts and suggestions, should be free in his reproaches and criticisms, should forego no opportunity of pointing out a more excellent course, and organizing a public opinion to enforce his views upon the men who are at the crank of the machine and control its action. This he can do, and thereby gain and exercise far more influence than he can by himself attempting to organize the tenth-rate machinery of a new party which always fails to do anything, and finally lets its authors sink back discredited and disheartened. The great reforms are never effected by third parties, never by Abolitionist, Prohibitionist, Fenian, Female Suffragist, or Henry George Parties. And all these are witnesses to the fact that by third-party movements nothing can be carried through. And the man of advanced views and noble aims who consents to stay in his own party ranks, exhorting, pleading, scolding, reproving in all ways and by all means insisting on his principles,—he in the end will accomplish more there, than any organization of new-fangled parties or movements. As the liberal who stays in the church affects its thought more than the seceder and the sectarian, so the reformer inside of the party will do far more for his own views than he can possibly do outside. And he should remember that one turn of the machine crank to put his notions into public pol-

icy and acknowledged issues is worth the whole fussy movement of the whole body of unorganized or newly organized people. This then is his function by no means to be under-valued, since from it springs all that is most healthful and useful in the action of the great parties of the State. But it is not better to be the head of a dog than the tail of a lion, when the dog's head is in the lion's mouth, as is always true of third parties.

But the other, the machine politician, the despised man who runs with the boys, the vigilant, wary, cautious leader who is looking out for every chance to advance his best views and soundest conclusions,—he goes with his following behind him and carries half his countrymen in his tow. He may go by freight train, but when he arrives it is with his goods. He may make money, but he has not lost sight of good measures. His name for virtue may not be that of a Wilberforce or a Washington after they are dead, but he has conducted his party to a position which it can maintain in its times, and which is as far in advance as the mass of his fellow-citizens could see their way to go. Such a politician was Lincoln, who took three years to reach the abolition which Fremont proclaimed in six months. But when Lincoln proclaimed, the country was with him.

It is related of Peng Yulin, a Chinese Mandarin, that he filled his office with the utmost scrupulous honesty all his life and died poor to his great honor among his countrymen. But it is naively added, he cut off more heads than any Mandarin of his generation. So the professional mugwump generally dies poor after cutting off the heads of all of his distinguished contemporaries, and his countrymen praise him. But is his career after all so admirable? Is cutting off heads more laudable than enough of compromise to keep step with one's compatriots, even if they are not more than a quarter right in one's own august opinion? Can the masses whose votes must install any policy be expected to adopt the virtuous conclusions of the ideal reformer in such hot haste as to make it worth his while to undertake the enor-

mous work of organizing them into a new party to advocate his views? Such work is at a terrible cost of energy, of nervous force, of money, of time, of feeling, and its success in that way is foredoomed. Sooner far will the old party come up to the new standards than the new one become strong enough to reach the chosen goal. And the reformer meanwhile eats his heart out with disappointment and toil for no nearing end, frequently turns sour and rails like a second Timon on the corruption of the times, and the depravity of mankind, and dies broken-hearted in the midst of acrid and gloomy thoughts. Better for him to remain in his elevation, shaking the torch of his illumination in the public view visible to all men, and wait for the slow-footed legions of well-meaning citizens to march up to the foot of his high tower. So will he get his full honor by reaching his full usefulness. Was not the olive tree in the parable right when it refused to "leave its oil wherewith it pleased God and man," for the barren honor of being king over the trees?

## Influence of Labor Organizations.\*

It is characteristic of evolution that new formations must prove their right to exist by their power to establish themselves. This characteristic is as general in society as in the physical world. Every new institution has had to fight its way against old established forms.

To this Labor Organizations have been no exception. For generations they were treated as conspiracies against society, and to be a member of one of them was made a criminal offense. This attitude is, however, greatly modified, very few people, except in the most backward countries, now hold it, and the legal right of labor to organize is conceded. It is still believed, however, by many that Labor Unions are unnatural, injurious, and opposed to public policy. Several of our prominent daily papers still refuse to employ Union printers. A few weeks ago the manufacturers of California formed an Association for the special purpose of suppressing Labor Organizations throughout the State. One might as well form a society to abolish factories, or to stop civilization.

It is another general principle that in progressive societies there is a constant tendency to adjust institutions to the requirements of the people by eliminating what is useless and retaining what is useful. Therefore, whenever an institution increases in extent and power as society advances, we may be sure that it fills some important function. Now Labor Organizations are not ancient institutions which have outlived their usefulness, but they are comparatively recent developments and are increasing in power as society advances. They are a natural part of capitalistic production and the wages system, both of which are indispensable to our complex civilization.

The development of the capitalistic class with its specialization of industry and its use of large machineries has practically

\*An address delivered before the American Social Science Association, at Saratoga, September 2d, 1891, by George Gunton.

divorced the laborer from nature. He cannot profitably go directly to nature for his products as he once could. The single-handed laborer cannot obtain an average living, either upon the farm or in the shop, because his products can be undersold by those of capitalistic producers. Therefore, the laborer has been led to turn to the capitalist for employment, who in turn has assumed the responsibility of the laborer's income. It is now the employer who deals directly with nature, and laborers deal with him. In other words the capitalistic producer has, in the evolution of industry, come in between the laborer and nature, because with his organized capital he can make nature yield more than the laborer could, and more for each. This change, however, makes the laborer's income depend upon stipulated wages instead of his individual product as formerly, which of course puts the capitalist in the same position to the laborer that nature formerly occupied, as the source of his income.

Under these changed conditions, when workmen want to increase their income they cannot profitably go to nature with a little more energy or a few more hours' work, but they must go to the capitalist for higher wages, and if nature is to yield more it is he who must make her do it; which the adherents of Mr. George might do well to consider.

This transition has also practically destroyed the productive individuality of laborers by differentiating them into specialized parts of a complex productive machine. Men can now only work successfully when employed in large masses, subdivided into numerous groups, each being complimentary to the other and dependent upon it.

By these changes workmen have been welded into an economic, as well as a social class, whose income is drawn from employers and tends to uniformity according to their industry and social life. This identity of interest and interdependence of welfare naturally led to associated efforts among laborers, in the same way that the division of labor led to the organization of capital.

Labor Organizations are therefore both historical and economic accompaniments of the organization of capital, and are as inseparable from the wages system as are factories from capitalistic production.

Labor Organizations first arose in England because capitalistic production and the factory system were first established there, and they have been extended to other countries just as fast as factory methods have been adopted. Inasmuch, however, as they arose in an apparent opposition to capital at first, they have been as I said, violently opposed from many points of view, and especially by the capitalists.

And one of the prominent objections urged is, that these Labor Organizations tend to destroy the right of individual contract. Now if combination is so injurious to the freedom of contract, why do not capitalists avoid it? Is it not a little singular that employers should be so very jealous of the laborer's freedom and so indifferent to their own? Surely it is a little odd that Industrial Organizations should be so injurious to laborers and so beneficial to capitalists. It is a peculiar fact, however, that the freedom and welfare of the laboring classes have most steadily advanced during the period when the power of Labor Organizations has most increased. This opposition to Labor Unions for the laborer's good is quite historic. In the early struggles of English laborers to secure a reduction of working time for women and children in factories from 12 to 11 hours per day, the proposition was opposed by statesmen and economists on the ground that it would destroy their freedom to work as many hours as they choose; and more than forty years later the same objections were urged against a ten-hour factory law in Massachusetts. Edward Atkinson and others pleaded for the sacred right of working women to make individual contracts; just as if factory women and children, or men either, had ever enjoyed this precious boon. As a matter of fact, no such right has ever existed since the factory system began. It has been rendered im-



possible by the very nature of specialized and concentrated industry. The right of individual contract means nothing, unless it means that every individual can make a contract for himself without regard to others. Experience has shown that such contracts are incompatible with a highly complex productive system. The subdivision of labor and interdependence of departments upon each other, the similarity of work and the necessary uniformity of product in each department, the dependence of all upon a single motive power, make it necessary to treat all laborers in each branch substantially alike for the sake of economy in administration and uniformity in cost of production. To the modern employer, laborers constitute various parts of a vast productive enterprise, and must work in practical uniformity or not at all. This is not only true of the laborers in a given shop, but it is practically true of laborers in different shops in the same industry, whose products compete in the same market.

Thus it is the economic condition of production, and not labor combinations, that have destroyed the feasibility of individual contracts, and it is beyond the power of either laborers or capitalists or both combined to destroy them without abrogating the factory system. Since both capital and labor necessarily move in large aggregations, it is manifestly as irrational as it is uneconomic for organized capital to object to the existence of organized labor. Since individual contracts are impossible, and wages in the same industry like prices of the same commodities must needs be practically uniform, it is clearly for the interest of the laborers that their conditions should be governed by the more intelligent of their class, and this, organization makes possible.

The truth is, no such freedom on the part of laborers to make individual contracts for themselves, different from those under which their fellow-laborers in the same shop are working, is ever intended by the much-heralded phrase, "freedom of contract." All that it really means is, that employers should have the freedom to take laborers singly in order to make them jointly

accept their terms. In other words it means that in making a contract, laborers shall not have the right to be represented by the most competent of their class or craft, in that each one, however ill-informed or incompetent to present his case, shall be dealt with singly by the representative of corporate capital. Thus, while uniformity of price for the same work in the same shop prevails, this method enables the employer to impose the maximum hardship and give the minimum pay, which the superior men can endure; whereas, if laborers acted collectively as capitalists do, the more competent of their number could be chosen to negotiate a contract for the whole, thus preventing the inferior from being used as a means of destroying the contracting power of the superior. And since a contract made by the superior would always be as favorable as that made by the inferior, or more so, the poorest laborers have everything to gain and nothing to lose by associated or representative action. Any system of jurisprudence which should permit representation by counsel on one side and refuse it on the other would, throughout Christendom, be pronounced to be a scandalous violation of the principles of equity; yet this relation obtains between employers and employed in the most civilized countries, except so far as it has been rendered impossible by the power of organized labor itself. As both capitalist and laborer now necessarily move in large aggregations, it is manifestly alike irrational and uneconomic for either to object to the organization of the other, especially as the most efficient use of neither can be obtained without it.

Moreover, Trade Unions are educational institutions. They tend to develop the intelligence and character of the laborers in many ways. In the first place, they stimulate the study of industrial questions, which involves a considerable amount of reading and general information, and also an intelligent acquaintance with the industrial conditions of their craft. The discussion of the various propositions which arise for consideration tends to individual confidence, force of character, and consciousness of in-

dustrial rights and social power in all who attend. In short, they are the economic academies of the wage class, and constitute nearly the only opportunity for economic education laborers have ever had. Consequently intelligent Trade-Unionists are frequently better informed upon industrial and political questions, and are less liable to lose their heads in a sentimental whirl, than are the more educated and less experienced middle class.

Trade Unions are also important social centers. In addition to furnishing laborers with means for better knowledge of their economic condition and of more intelligent methods for improving them, they afford an opportunity for social intercourse otherwise practically impossible. They are to the wage-workers what clubs and other social institutions are to the wealthy. The social intercourse and activity thus created tends to awaken new interests, wants and aspirations which are not limited to individual members, but gradually extend to home life, thus gradually improving the social condition and the standard of living of the whole class. The pressure of increased social needs thus silently developed makes a demand for higher wages necessary. Those who first experience this kind of hardship, being the most intelligent and characterful of their class, are usually first to advocate a general demand for higher wages. And since it is impossible both from the nature of the factory system and the constitution of Labor Organizations to make special terms for individual cases, the only way the most advanced laborers can secure an increase of wages for themselves is to obtain the same for their whole class. All this is not only educating and socializing in its influence, but by welding the laborers into a social class, it compels the more intelligent and advanced to devote their efforts to improve the material and social condition of their less capable brethren. That is why we always find the most intelligent, socially advanced, and best-paid laborers in every industry the most prominent Trade-Unionists and usually the most active social agitators.

It thus appears that Trade Unions are essentially economic institutions; instead of being inimical to the laborer's interest and a menace to capital, they are the most important feature of modern society. For the same reason that nothing can permanently reduce the price of commodities, which does not diminish the cost of production, nothing can permanently advance wages which does not increase the laborer's cost of living. It is by their opportunity-creating influences, and not by their power to limit the number of laborers, that Trade Unions ever permanently affect wages. Of course they resort to strikes as a means of enforcing their demands, when petitions and other moderate forms of request have failed; because a considerable portion of the laborers are acting under the pressure of a social necessity, which, if not satisfied, will involve a protracted social conflict.

It will not be disputed that strikes are often unwisely and badly managed, that dishonest men otherwise conspicuously unfit for leadership sometimes get to the head of Labor Organizations. But is this not true of every other form of industrial and social organization? Are capitalist organizations free from these charges? Do they not frequently act rashly, often involving disaster to innocent investors? Have they not Warners and Wards? Cannot the same impeachment be urged with quite as much truth against political organizations and social clubs? Would anyone venture to say that because there are dishonest railroad presidents and corporation treasurers, the combination of capital should be prohibited? Why should workingmen be expected to be more honest and wise than any other class in the community? Why should perfection be demanded of them, when liability to err is conceded to everybody else? Since other social institutions are to be judged by their virtues, why should Labor Organizations be judged by their mistakes? Considering their limited opportunities and the extent of the forces arrayed against them, the wonder is not that laborers have made so many mistakes, but rather that they have succeeded at all. These mistakes are not

a necessary part of Labor Organizations any more than dishonest ministers are a necessary part of Christianity. On the contrary, they arise from ignorance and mistaken notions among the laborers, which Trade Unions are the most efficient means of correcting. Hence we find to-day that in those industries where Trade Unions are best organized and exercise the greatest influence, strikes are fewest, wages are highest, hours of labor are shortest, and the relation between workers and employers most confidential and harmonious. Trade Unions, therefore, are not only legitimate, economic and social institutions, but they are an integral part of the industrial organization of modern society. They are the economic counterpart of that combination of capital whose existence and development are equally necessary to harmonious social advancement.

It is simple folly, therefore, to regard Trade Unions as necessarily a menace to industry and social welfare; they are constitutionally important educational institutions, and can never be a power for other than good through the discipline they must confer. Since Labor Organizations are the most effectual and nearly the only means of furnishing opportunities for economic education to wage-workers, it is alike the interest and duty of both the employing class and the community to encourage their development and increase their usefulness, instead of trying to degrade or suppress them.

## Rational Protection.

### II.

In the last SOCIAL ECONOMIST appeared the first of a series of articles on the above subject. We there endeavored to eliminate from the discussion all points of positive disagreement, with the view of finding some common economic standing ground—some proposition which both parties to the controversy would accept, and so at least transfer the subject from a realm of mere political partisanship to one of rational economic discussion.

In analyzing the case we found that absolute Free-Trade in this country is a myth; it has no existence except as a mental concept. All those arrayed against Protection stoutly deny being Free-Traders. The real point of controversy, therefore, is not as to Free-Trade or Protection, but as to what constitutes rational Protection. The rational foundation for Protection we found to be the defense of a higher civilization against an injurious relation with lower civilizations. Since the true economic thermometer of a civilization in any country is the wages and social life of the masses, the difference in the wage-level of the competing countries constitutes the economic basis for rational Protection.

The President of the Boston Home-Market Club thinks our presentation of the case does not properly represent the relative positions of the parties to the controversy, and offers the following criticisms:

EDITOR SOCIAL ECONOMIST:

I have read with much interest the article entitled "Rational Protection," in your October number. In your "Editorial Crucible," you say, "If the believers in an extremely low tariff or Free Trade, or those desiring an extremely high tariff, think their views are not correctly presented, we invite them to point out the error."

I am not sure that I come within either of these classes, cer-

tainly not the first one, but I do not think that you present correctly the views of the so-called "Free-Traders," or of the so-called "high Protectionists." The difference, as I understand it, is not so much that certain men desire a low tariff or no tariff at all, upon *all* imported articles, while other men desire a high tariff upon all such articles; as that tariff reformers and so-called "Free-Traders" desire to tax *one class* of imports, while Protectionists desire to tax *another class*.

I agree with you that there are few men, if any, who expect to abolish Custom Houses. The question is,—To what use shall they be put? Revenue is necessary for the Government, and a tariff seems to be the easiest method of obtaining it. Free Traders and Protectionists alike generally agree that certain articles of luxury, like wines, spirits etc., should pay duties, merely to produce revenue. Leaving these out of account, I understand Free-Trade writers and speakers to argue that duties should be laid only on articles *that are not produced in this country*; in which case the duty operates only as a tax, and the amount paid, less the cost of collection, goes into the United States Treasury.

They say, and with truth in some cases, that where a duty is levied on articles produced both here and abroad, the duty raises the price of the foreign article, and enables the home article to be sold at a higher price. Hence, the consumer pays not only the tax on the foreign article, to the Government, but a tax on the home-made article to the manufacturer of it, or through him, to his employees.

The Protectionist on the contrary, due regard being had for revenue, would levy his tax on articles that can be as advantageously produced at home as abroad, with a view of either shutting out the foreign article, or making it higher in price, so that our markets can be supplied with the home product, and our people employed in making it.

It is not as the lawyers say, a difference in degree, but in kind of tariff. The Free-Trader in other words believes in duties on tea, coffee and sugar, and disbelieves in duties on manufactures of cotton, wool and iron. The Protectionist takes exactly the opposite position.

Now, if I am right, this vital difference should be recognized in a scientific statement such as you propose making. It seems to me that you have not given full attention to it, from the follow-

ing statement in your article : "If our public journals could be induced to adopt \* \* \* any guiding principle, we should no longer be burdened with the fatuous spectacle presented by reasoners who congratulate us on the cheapness of sugar owing to a remission of tariff charges, and yet deny that prices may advance in carpets and crockery owing to an increase of tariff charges on wool and porcelain."

This quotation conveys the impression, if it does not say so in words, that an increase of duties on articles like carpets and crockery would be as certain to raise the price as an increase of duties on sugar.

This would not under most circumstances be true. Adding 100% to the duty on sugar would increase the cost of sugar the full amount of the duty, because it would serve wholly as a tax. Adding 100% to the duties on carpets or crockery would increase the selling price very little if at all, because that duty serves in great measure as a prohibition of importation, and the price of those articles are substantially fixed by home competition. The truth of this can be shown by the results of the McKinley Bill, concerning which so much has been said. The reduction of the duty on sugar has reduced the price of sugar. Everybody knows it. The great increase of the duty on tin plate has not increased the price of the dinner pail, and the increase in the duty on woolen goods has not raised the price of ready-made clothing. I believe I am correct in all these statements of fact. If not, I intend to be so.

As to the measure of the proper amount of protective duties to be levied, I am not disposed to criticise materially the view of your article, that the duty should be equal to the difference in wages in the competing countries. That is more than the protection on many manufactures, even in the McKinley Bill. It is more, in my opinion, than the present duty on the articles which I manufacture personally. For the best interests of the country, however, I think that a margin should be added to this; first, to cover the difference in rates of interest and taxes in this country, as compared with England, as England is the country whose competition we have most to fear; second, there should be a margin to prevent this country from being used as a "dumping ground," for foreign goods sold at less than cost in times of commercial depression, thus causing injury to manufacturers and laborers alike.



This would in ordinary times give the American producer a little advantage over the foreigner, and in my judgment we ought to legislate so that he should have it.

It may be asked, why should not protective duties be made prohibitory? The answer is, that in case of unusual scarcity or demand in this country from any cause, when our own factories are fully occupied, there should be an opportunity to obtain the needed surplus from abroad without an undue increase in price.

I should be glad to have you give the above views consideration in your articles, as to me they seem to go to the root of the difference between a tariff for Protection and a tariff for Revenue only.

WILLIAM F. DRAPER.

It will be seen that General Draper thinks the essential difference between the parties is not as to whether there should be a low tariff or a high tariff, but that they differ about the kind of articles upon which tariffs should be levied. Anti-Protectionists, he says, "argue that duties should be laid only on articles that are not produced in this country," while "the Protectionist \* \* \* would levy his tax on articles that can be as advantageously produced at home as abroad, with a view of either shutting out the foreign article, or making it higher in price, so that our markets can be supplied with the home product, and our people employed in making it." "This," he adds, "is not as the lawyers say, a difference in degree, but in kind of tariff." Now this is indeed a difference in kind, but not in kind of Protection but in kind of taxation. To levy taxes only on articles which cannot be produced here is to eliminate the Protective element altogether, which is Free-Trade pure and simple. That view reduces the question to one of revenue only, and makes the question of retaining or abolishing Custom Houses turn entirely upon whether they are the best means of collecting public revenue.

Now is this really the question under discussion? We think not. That would make the issue directly between absolute Free-Trade and Protection, which, as we have shown, is not the case, because tariff reformers deny that they are Free-Traders or that they want to abolish the protective element from our tariff sys-

tem. Therefore, to argue the question upon that basis is to combat a proposition which has no open defenders. It is indeed true that low-tariff advocates have got so completely into the habit of opposing whatever those on the other side present, that they act just as absolute Free-Traders would, but whenever brought to an economic discussion of the subject they resolutely deny that position.

Now on the principle that every man has a right to state his own position, we are bound to consider the merits of their reasoning from the point of view of their own proposition, which is that they are not Free-Traders. No responsible representative of that school will declare his opposition to a tariff sufficient to protect our wage-level and civilization, if it can be shown that the tariff proposed will accomplish that end. He may act as if he would oppose it, but then he is simply inconsistent with his own doctrine. In order, therefore, to discuss the economics of the subject, we must consider the logic of his view of the question and deal with the inconsistencies of his actions afterwards.

Properly speaking, the question of Protection is not a question of revenue, nor is the question of revenue necessarily a question of Protection. In order, therefore, to discuss the subject of Protection with any degree of precision, it is important to keep the questions of Protection and revenue entirely apart. Whether or not Custom Houses should be used as a means of collecting revenue is purely a fiscal question, and depends entirely upon whether they are the most efficient and economical machineries for collecting taxes. But whether or not they shall be continued as a means of Protection has nothing whatever to do with their efficiency as mere tax collectors, because in that case the object is not revenue, but Protection. Much of the unclearness of the tariff controversy is the result of too frequently confounding Protection with revenue; and from this General Draper is not entirely free. He says :

"I agree with you that there are few men who expect to

abolish Custom Houses. The question is, to what use shall they be put? Revenue is necessary for a government, and tariff seems to be an easy way of obtaining it."

This accords with the popular idea which until recently has been the watch-word of the Democratic party,—that we should have tariff for revenue with incidental Protection. In other words that the limit of the tariff should always be governed by the amount of revenue necessary for the administration of government, but that it should afford the maximum Protection, thus making Protection subordinate to the revenue.

Now we take the position quite emphatically that tariffs on foreign products are not the best method of obtaining revenues, and should not be levied for that end; and on the other hand, that they are the only means of protecting our home-market and higher wage-level against the competitive influence of the products of inferior civilizations, and should be levied for that purpose. In order, therefore, to discuss the economics of Protection, we must leave the question of revenue out of consideration, reserving the discussion of that on its own merits as a part of the purely fiscal machinery. We cannot agree, then, with General Draper that the real point of the controversy is as to whether a tariff should be levied on competing or non-competing articles, but that it is as to how much tariff is necessary on any given articles to furnish adequate protection to our wages.

In other words, there are two distinct propositions to be considered: First, are there any economic grounds for Protection under any circumstances? This involves a direct issue between the principle of Free-Trade and Protection. Second, is there any principle upon which the degree of Protection can be economically determined? Since the first has no responsible advocates, we have passed it by, and take up the second as the only debatable question. When any advocates of the former proposition present themselves we shall be ready to discuss the subject. But in the

meantime we shall proceed with the consideration of what is clearly the real question at issue, at least between the great organizations of public sentiment in this country.

General Draper's remarks regarding the increase of duties on sugar, carpets, and crockery, relate entirely to the question of how a tariff becomes protective, and will be taken up in detail when discussing that phase of the subject. We may urge, however, as to his statement that "adding 100% to the duty on sugar would increase the cost of sugar the full amount of the duty, because it would serve wholly as a tax," while "adding 100% to the duties on carpets and crockery would increase the selling price here very little, if at all, because that duty serves in a great measure as a prohibition of importation, and the prices of those articles are substantially fixed by home competition," that this can hardly be regarded as a satisfactory explanation of these phenomena by the critical student. How is it that competition prevents the tariff from being added to the selling price of clothes and dinner pails, while it allows the full amount to be added to the price of sugar? Now it can hardly be claimed that the price of sugar is determined by a different principle from the price of carpets, clothes, and dinner pails; nor that competition exercises less influence over the price of sugar than of other articles. The truth is that in both cases the price is governed by the cost of production. The only permanent effect competition ever has upon prices is to force them down to the cost of production.

The real reason that the tariff sends the price of sugar up more than it does the price of clothes is because it adds more to the cost of producing, that is of supplying sugar; and this for the reason that it was practically all added to the finished product. Whereas, in the case of the clothing or the dinner pails it was only added to a portion of the raw material, the greater part of the price of the finished product being determined by the cost of labor and plant in manufacture. Thus it is that a tax on wool makes but a fractional difference in the price of a suit of clothes,

especially if the imported wool is mixed largely with native wool or other materials, because it represents but a fractional part of the cost of producing the suit of clothes. That is why the increased tariff on piano materials finally only added about 24 cents to the price of a finished piano.

It is a mistake for the advocates of Protection to argue that a tax is not a tax, or that an addition to the cost of producing clothes will not show itself in the price just as much as it will in the price of sugar. It is by making statements of this kind that Protective writers so frequently lay themselves open to the attacks of the other side. That Protection, when economically applied, does tend to cheapen products, can unquestionably be proven, but it cannot be proven by any reference to the power of competition, because competition can never force prices permanently below the cost of production, and a tax on any commodity is just as much an addition to the cost of production as would be an increase in the cost of the plant, raw material, or anything else. The only way, then, that Protection or anything else can help to cheapen products is by helping to diminish the cost of production, and this, as we shall see later, Protection does, by securing the conditions which lead to greater economies through the development of industry and improved methods of production. But it does this through the operation of truly economic forces, which we shall have occasion to explain in subsequent articles.

We are pleased to note that General Draper accepts our wage-level as the foundation for applying the Protective principle. His suggestion that in considering tariff schedules a margin should be allowed to guard against the dumping of mere surplus products upon us, appears entirely sound, but is a matter of detail rather than of general principle.

We trust that General Draper and those who were disposed to take his view (and he is pre-eminently a representative man) will see that we are not disposed to discuss the question without

giving due consideration to all its bearings. Now since Free-Trade is out of the question as a practical issue, there is logically but one proposition to consider, namely,—Is there any economic principle upon which tariffs can be made protective without being monopolistic? This of course involves the influence of tariffs upon competition—especially foreign competition,—upon cost of production, prices, and wages, which we shall take up in our next issue.

## The Functions of the State.

BY DR. LEWIS G. JANES.

The "Editorial Crucible" is a most useful and valuable department of the SOCIAL ECONOMIST. While permitting the writers of leading articles to express their views with the utmost freedom, it gives ample opportunity for editorial criticism, and the correction of crude, imperfectly thought-out or poorly-sustained judgments. In this day of hasty generalization and rash speculation on social topics, such criticism by trained thinkers is indispensable. So far as my observation goes, the judgments of the "Crucible" are trenchant, well-considered, and generally just.

That my recent article on the "Relation of the State to the Individual," or some of its implied statements, was tried "so as by fire" in the "Crucible" is therefore no source of individual complaint. That certain judgments therein critically rendered appear to me unjust to the social philosophy of Mr. Herbert Spencer, is probably due to my own sins of omission or commission—to want of complete statement or proper qualifications and explanation on my part. Aiming at brevity and condensation, I did not attempt a complete elucidation of all the points in Mr. Spencer's social theory as set forth in "Justice," but merely at such a terse statement of its main positions as was necessary to explain his general conception of the relation of the State to the individual, in the ideal industrial organization of society, and especially his view that social combinations are super-organic in their character, in a strict biological sense.

In justice to Mr. Spencer, and because I believe that, properly interpreted, his conception of the State is substantially identical with that set forth by Mr. Gunton in "The Principles of Social Economics," I desire to supplement my former article by a further statement of Mr. Spencer's position, together with some explanatory comments thereon. As intimated in my former ar-

ticle, it is my belief that it is only when we attempt the practical application of the principles laid down in "Justice" to the problems of statesmanship and social economy, that certain marked differences in judgment will necessarily be developed between the author of the Synthetic Philosophy and American evolutionists who are in general sympathy with the abstract principles therein enunciated.

Let it be remarked in the first place that the fact that Mr. Spencer approaches his discussion of social problems from the standpoint of the general ethical philosophy of evolution, while the SOCIAL ECONOMIST regards them from the particular point of view of economic science, does not necessarily imply any material divergence in fundamental principles or conclusions. The inquiry as to whether governments, as they exist, conform to the principles of justice, and as to the tendencies of social evolution from this point of view, is as legitimate as the inquiry as to whether they exemplify or tend toward the exemplification of true economic principles in their administration. If ultimately it shall be seen that these diverse methods of investigation converge in their results, and the theories of the State and of its legitimate functions indicated by each are in fact identical, one method will be found to supplement and sustain the other with the practical force of a mathematical demonstration.

Nor is the one line of investigation necessarily less scientific or more of a fairy-land of the imagination than the other. That social problems *may* be treated unscientifically, and enveloped in theories as unreal as the griffins and dragons of early poetry, no class of writers has given more conclusive evidence than the political economists of the older schools. And that ethics and sociology may be treated scientifically, with due regard for the facts of history and experience, no one in this or any previous generation has given so strong a demonstration as Mr. Spencer.

The definition of government as "society in its corporate capacity instituted for the protection of the community and the



maintenance of individual rights" is, as the context shows, intended to indicate what government should be, to accord with the principles of justice, in an industrial organization of society, not what it has been historically, or is actually at the present time. As an evolutionist, Mr. Spencer does not fail to recognize that governments originated in rude and barbarous ages, and in their earlier stages were embodiments of brute force, having little respect for individual rights, rather than of the abstract principles of justice. Those barbarous tribes which have never been brought into conflict with their fellows, he shows, have no government save that of the head of each family over its constituent members. The State arises out of the necessities of war: Its primary function or the primary function "of that agency in which the powers of the State are centralized," is the function of directing the combined activities of incorporated individuals in war. "The first duty of the ruling agency is national (tribute) defense." ("Justice," p. 204).

That the incentive of war and the object of government, whether aggressive or defensive in its operations, is "to assist men to get a better subsistence," as the "Crucible" declares, Mr. Spencer nowhere denies. Indeed, he substantially asserts this very fact, as we shall see hereafter. But he is not here directly concerned with the economic features of the problem. He is seeking for the facts in regard to the evolutionary tendencies of governmental institutions, without philosophizing at length about their economic causes; and he by no means ignores the fact of the rude beginnings of man's social and governmental relations. It is not true, therefore, that he thus "loses hold of the real rudder of all human movements." Of no writer of our time would this assertion be so wide of the mark as of Mr. Spencer. The wealth of experimental and historical data underlying his social philosophy is a monument of tireless industry, surpassing that of any other writer. This obvious and undeniable fact should not be ignored by critics of his views.

While recognizing the rude and militant beginnings of all government, however, Mr. Spencer does not lose sight of its internal administration—of the obligations to secure justice between its component members. “As in every community the relatively strong are few and the relatively weak are many, it happens that in the majority of cases purely private rectification of wrongs is impracticable. \* \* \* Eventually, all find it best to pay (the State) for security rather than suffer aggressions. These primary and secondary duties of the State are implied *by those fundamental needs which associated men experience*. They severally desire *to live, to carry on their activities, and reap the benefits of them*. \* \* \* \* Hence at once the duty of the State and the authority of the State.” (“Justice,” p. 209). Here, in substance, and by necessary implication, is the explicit admission demanded by the “Crucible,” that government “came into existence as a means of assisting men to get a better subsistence.”

If Mr. Spencer's conception of the business of an organized society seems trivial to the “Crucible,” it is because the “Crucible” does not perceive how large and inclusive is his conception of justice, and of its demands upon the State. The limitation of the State's functions to the obligation to secure to each individual the opportunity of “receiving the benefits and evils of his own nature and consequent conduct” by no means implies the exclusion of the function of inaugurating and directing public improvements, as the “Crucible” infers. On the contrary, this duty of the State is expressly recognized in “Justice.”

“As trustee for the nation, the government has to decide whether a proposed undertaking—road, canal, railway, dock, etc., which will so change some tract as to make it permanently useless for ordinary purposes, promises to be of such public utility as to warrant the alienation; and has to fix the terms of its warrant: terms which, while they deal fairly with those who stake their capital in the enterprise, and while they protect the rights

of the community, also keep in view the interests of future generations, who will hereafter be the supreme owners of the territory." \* \* \* \* \*

"In discharge of its duties as trustee, the ruling body has to exercise a further control—allied but different. If not itself, then by its local deputies, it has to forbid or allow the breaking up of streets, roads and other public spaces for the establishment or repair of water, gas, telegraph and kindred alliances. *Such supervisions are required for protecting each and all members of the community from the aggressions of particular members or groups of members.*"

"That like considerations call for oversight by the State of rivers, lakes or other inland waters, as also of the adjacent sea, is sufficiently clear. On the uses made of these and their contents, there may rightly be put such restraints as the interests of the supreme owner, the community, demand."

Nothing surely could be more explicit than this assertion of the function of government in inaugurating, directing and controlling public improvements; and it is equally clear that Mr. Spencer regards this function not as extraneous to, but as implied in the supreme obligation of the State to secure justice to the individual. In his profound psychological study of the nature of such obligation, he clearly shows why its ultimate test must refer directly to the individual, never to a class or to society as a whole. This I explained in my former article: Sentiency belongs exclusively to the individual—the societary unit, never to the social combination. Justice to the individual, therefore, includes of necessity everything of the nature of obligation on the part of the State. All alleged duties of the State which cannot be subsumed under this head are socialistic and paternal in their character, and to such tendencies, in the modern, progressive, civilized State, Mr. Spencer is the logical and unrelenting foe.

His position, in this respect, seems to be precisely identical with that announced by Mr. Gunton in his "Principles of Social

Economics." For example: While recognizing the obligation of the State to initiate and regulate public improvements, Mr. Spencer holds with Mr. Gunton that government "should be the guardian of the interests of the community *without assuming business responsibility*." (Principles of Social Economics," p. 437). With Mr. Gunton he also maintains that "no advantage is to be gained by magical methods such as those suggested by our modern dreamers of dreams, but all is accomplished by the well-known and powerful methods already at work among us—our present benefactors." (Ibid. p. 440). With him he likewise recognizes that "in society and politics social progress is indicated by a movement towards increasing the sovereignty of the individual and diminishing governmental authority." (Ibid. p. 435).

The tendency of Mr. Spencer's mature thought is evidently more and more strongly in opposition to State socialism and the interference with individual activities which its methods imply. For example, though in Social Statics he strongly asserted the right of State-ownership of the land, and the obligation of the State to resume possession and claim rental of individual occupants he recedes from this final conclusion in "Justice." While re-asserting the fundamenal proprietorship of the community in the land, he now holds, for good and sufficient reasons based on subsequent thought and experience, that "individual ownership, subject to State suzerainty," or the law of eminent domain recognized by all nations, should be maintained. He also ably defends the right of the author to the product of his brain, and of the inventor to proprietorship in his inventions, implicitly asserting the duty of governments to guarantee and maintain these rights.

That paternal theory of government which rests on an assumed parallelism between the structure of the State and that of the family, he rejects as false and misleading, inveighing against it with as much vigor and logical acumen as does the author of

"Principles of Social Economics." "The only justification for the analogy between parent and child and government and people," he says, "is the childishness of the people who maintain the analogy."

In a future article, I may call the attention of the readers of the *SOCIAL ECONOMIST* to some of the practical applications of the principles laid down by Mr. Spencer—as in the matter of public education—wherein a majority of the American evolutionists would deduce from his fundamental principles conclusions divergent from those expressed by himself. It has been my present endeavor, on the other hand, to show the fundamental agreement in principle between the social philosophy of Mr. Spencer and that of the new school of Social Economists of America.

Mr. Spencer has never developed a complete system of political economy; he has written on this topic only in a desultory and fragmentary way. In his incidental treatment of economic topics, he has doubtless shown, in the judgment of American readers, something of the bias of his English birth and education. It will probably be left to others to develop a constituent economic system on the basis of this social philosophy of evolution. It is because I recognize the evolutionary foundation and thoroughly scientific spirit of the author of "Principles of Social Economics" that it seems to me important to note and emphasize the essential agreement in fundamental principles between him and Mr. Spencer, rather than to magnify their minor differences.

Evolutionists will doubtless always differ in some of the practical applications of their principles to the problems of social life, owing to divergent original bias, and varying social and educational environments. Specialists, in their respective provinces, will supplement and correct some of the conclusions of the Synthetic Philosophy, tentatively outlined by Mr. Spencer. But unless there shall be substantial agreement in fundamentals among the intelligent advocates of the social philosophy of evolution, based as it must be on the facts of human experience as revealed

in historical studies and the contemporary investigation of man in his societary relations, the entire philosophy will ultimately be discredited in the minds of thinking people. Such an agreement, I believe, can but exist between such careful students of historical and experiential data as the authors of "Justice" and "Principles of Social Economics."

## Malthusianism.

Mr. A. J. Ogilvy, in the *Westminster Review* for September, makes a brisk and biting attack on the current doctrine of population as stated by Malthus and accepted by all existing schools of political economy. The doctrine is that population tends to increase in a geometrical ratio, while means of subsistence increase only in an arithmetical ratio, and therefore there must be a chronic starvation among the poor for want of sufficient support. This doctrine lies in the background of orthodox economics, which cannot go on without it.

Mr. Ogilvy questions its truth on the ground that even if true it is not a working doctrine, because population does not so multiply on account of high infant mortality and the many who die without leaving children, and further because fertility in reproduction decreases as subsistence becomes richer. The poor multiply, the wealthy are sterile. Also again because subsistence increases through invention faster than does population, which is true. It has been calculated that if a pair of codfish were to multiply according to their natural rate for ten years unchecked, the sea would become a solid mass of codfish (salt cod presumably), across which one could build a railway. But then they do not so multiply.

But meanwhile the bare chance of serious over-crowding has filled civilized men with an anticipatory horror, and the cry has gone up from all quarters that the only method of relieving the misery and poverty of our existing society is to limit the fecundity of the lower classes and stop the increase of population. Everybody cries out, "There are too many people. The world is over-crowded. Population congests in the cities and starves on the land." And yet so illogical is the human mind that whenever a census is taken, every "congested" city hopes to find that it has outstripped all rivals in the increase of its num-

bers. Canada is horrified when it learns that its population has fallen below the natural rate of increase, and people speak of France as retrograding, compared with other nations, because its annual increase of population is so slight. Men reason about their country so differently from their reasoning about society. In other words, the doctrine of economists is repudiated by statesmanship and business. But the economical doctrine comes again to the front when regeneration of the poorest classes is talked of, and when an immigration of poverty-stricken Jews is threatened, or when a rise of wages is discussed, and the statement is made that the way to raise wages is to decrease laborers. To the root of the matter enough to meet and resolve these questions Mr. Ogilvy does not go. His argument reaches no further than ours about the codfish, namely, that as a fact things do not work as the Malthusians contend. We wish to go further, and contend that Malthus is so far wrong, and that means of subsistence increase so much more rapidly than people, that the more people there are the more each has to live on. This is indeed simple enough to see when stated. One man and one woman alone in the world would have a poverty-stricken existence which would use all their time to get. In fact each animal does so use all his time. The ox must feed all day and the tiger prowl all night. So, small tribes are poor tribes. Scanty Tartars are poorer than crowded Chinese; Germany is less thickly settled than England, which has more wealth per man. Belgium, indeed, though more crowded than England, is not so rich, and so forms an apparent exception, but the reason of this exception is that England uses more machinery than Belgium and so produces more wealth and has more. Much machinery can only be used, however, where population is already numerous, and so again we come back to our thesis that an abundance of population increases the resources of each one, and Belgium is richer than she would be if less crowded. Her people are wealth.

In fact people are the only source of any wealth, for where



there is nobody there is no wealth, and therefore the more people the more wealth. So again, to resume our illustrations, the town is richer than the surrounding farms, the city than the town, the large city than the small one—New York richer than Boston, London than New York, always the same rule holds, men making wealth, population being the cause of enrichment. To turn right about then, and say that to limit population would increase wealth is to fly in the face of history, in obedience to an economic deduction which has nothing but assertion to back it. And to say that there would be more wealth per capita if there were fewer people to share it, is to forget that if there were fewer people there would be less wealth to divide, because less would be provided, and when men are few the common wealth is also small.

The whole trend, then, of Malthusians, is towards the wrong quarter. If their logic were carried out, the world would be sterilized and poverty-stricken afterwards. The less children were born, the fewer mouths there would be to consume, indeed, and therefore the less demand for production and therefore the less product. In union is strength, and so in multiplication is wealth. This is so visible under the common phrase that two heads are better than one, and the perfect commonplace that two men can do more than twice the work of one, that we can only explain the mistake of the book economists by the warrantable assumption that the writers have written from books only and never looked at the world to see how things really were.

That the Malthusian doctrine could ever be accepted as a basis for civilization would certainly only enter into the heads of idealists and dreamers. For even if it were adopted by a few nations—as perhaps it may have been by the French—it is immediately evident that such adoption would only leave the victory in the struggle for existence to those people who did not adopt it, since they by the mere re-production of themselves in larger numbers would crowd the more prudent races to the wall

and replace their waning populations with people who would spawn freely and without too nice a consideration as to how the little ones were to get a living later on.

In fact some pressure on the means of subsistence is quite indispensable to any advance in civilization at all, since where population does not so press, as in the Pacific Islands, there is no civilization. Our orthodox economists are then confronted with a very pretty set of dilemmas, either of which ought to impale them permanently in the public gaze to their utter extermination.

For either population must press on the means of subsistence, or there will be no civilization. But if it does so press that some nations begin to limit their birth rate, these very nations will be overrun by others who are more natural and propagate freely, so perpetuating most numerous the races which are most reckless in propagation, and perpetuate that class of men who most disregard Malthus and his doctrine—in other words Anti-Malthusians. The Anti-Malthusians therefore tend always to crowd out the Malthusians and exterminate all who adopt his doctrine. So that any race would adopt Malthusianism only at the risk of its own elimination. In other words, the doctrine is suicidal.

But, if further, this reckless multiplication should reach such an excess that only standing room was left on earth for its thronging inhabitants, certainly that standing room would be in possession of the race which had multiplied its people most freely. The kind of men, then, destined to survive all others in the world must be those who least hesitate to reproduce their kind. So it would still be necessary for any race, which wished to survive, to multiply freely, even in order to escape elimination, just as an Empire must have soldiers to be killed as well as citizens to labor, if it will keep its place among nations.

And therefore we submit that the doctrine of a voluntary limitation of increase in the people tends to exterminate itself, because believers in it tend to exterminate themselves. But a self-

destroying doctrine cannot be the right one in anything, and Malthusianism therefore stands self-condemned, being itself destroyed by the perishing of its own disciples.

But if they urge that logically it is conceivable and even certain that mankind will go on increasing till it actually does reach the limits of subsistence, and that that involves also to a certainty, that the poorest classes of such an epoch should be crowded down to a pitiable want and destitution, one may rightly say that such a contention is of the same nature as that about the sea's becoming solid with codfish. As yet it not only is not so, but all the history of man, so far, points to exactly the opposite conclusion. So far, as we have shown, the more people there are to the acre in any given social condition, the more they have had apiece, till we get down to the Terra del Fuegians, who are the fewest and wretchedest of known tribes. And since all history shows that the more men are crowded the more civilized they become—as they must to subsist in throngs together—and the greater their resources, we have no warrant for saying that the time will come when all this will be reversed. Such adjustments and new agencies and factors may come into play as will utterly laugh to scorn all the woeful prophets. Steam machinery has already done so to those of the past. And meanwhile, what economist has a calling to treat of a condition of affairs which is just the contrary of anything existing? Lunar economics are no more important than lunar politics. The course of this world points to the conclusion that men may multiply as impulse leads and still continue to add to the resources of civilization by doing so. There are as yet no signs of a contrary effect.

But really the operation of the general principle in nature, that the higher the animal gets, the less his reproductive fecundity, is a sufficient answer to all the vaticinations of the Malthusians. Lions are less prolific than rats, rats than fish or flies, cultivated people than workingmen, and the higher workingmen than the lower. So that with advancing elevation will be a suf-

ficiently advancing sterility, as Mr. Ogilvy says, and Malthus will never be in place.

Therefore, to reason or to act by economists' advice on the basis of the Malthusians' doctrine is to retard the progress of mankind and cast a blight over the course of civilization. Not altogether pleasant would be the reflection of lover and sage in one, who should reflect that his progeny had added others to the already over-crowded masses of his race, kept some other man from a place, increased the number of divisors of the existing wealth of mankind without adding anything to the dividend, and generally multiplied the misery and hopelessness of the world. No one could dwell upon this prospect with enjoyment. He might not refrain from matrimony, but he certainly would contemplate it with a reserve of feeling likely to put a frost upon his most generous emotions. To be sure this is nothing in economics, but it is much in life to know whether we are to turn ourselves into cynical reflectors upon the tragic course of human existence and its inevitable ship-wreck upon the rocks of its own success. And we at least may enjoy knowing that the history of all nations so far points to the opposite conclusion with exceptional certainty.

But what of the laboring classes in their crowded haunts in East London, in the purlieus of cities, in the tenements where they toil for a few cents a day and lead lives of misery and sorrow? Are they not too many, and do not their numbers oppress each other and crowd each other to the wall already? Is not plain to the meanest apprehension that here the undue number of applicants asking for work reduces their wages to starvation point, and that if their numbers could be reduced by two-thirds the rate of their wages would rise at once and stay risen? This is indeed the conclusion of the unguarded mind, just as it is that the sun rises in the morning instead of the earth's turning on its axis. And it is only equally true. The rate of wages among these people is not forced down by their numbers, else why has

that rate risen within the last twenty years, though their actual number has increased? It has so risen and so much, that complaint is constantly made that these poor creatures will sooner take to begging, than work for half the pay they are used to getting. But the fact is they will not so work, because, though reduced to the verge of starvation, they know that there is no real gain for them in the worse estate which a lower wage-level would inevitably produce.

The wage-level here is not determined by numbers, and never has been; it is lower and buys less where there are fewer people, as in Spanish farms and Asian Steppes. And if the number of these poor applicants were reduced one-half, it would not materially rise, unless that reduction of numbers were also accompanied by a rise in the desires and ways of life of the applicants, which it might not be. They cannot get more till they have more wants, and General Booth emphasizes the fact that the real trouble with them is that, like Eskimos or Alaskans, they do not care for more, and are contented with their hutches and hovels beyond belief. The slow but sure diminution of the comparative numbers of this class of destitute people year by year as the standard of our civilization rises, is really the only notable fact about them, economically. For this diminution cannot be owing to the fact of fewer births among them, since there are not fewer, nor to the fact that their numbers decrease by starvation, for they do not. And besides they are pressed upon continually by the immigration of large masses of poor from other poorer countries, as by the new flood of Jews in England and by Chinese in New York, so that they ought to increase proportionately, but they do not. They decrease, and the reason they decrease is because the increase of machinery provides constantly more work for all classes which slowly absorbs the best of them, and because the rise of the standard of living generally fills them with new desires which carry them into regular industry and more pay. Diminution has positively nothing to do with it, for they are not being

diminished by reduction of population. Here then again Malthusianism runs out on the wrong trail. The only way in which thinning their numbers can benefit the class is when a moiety leaves it by rising out of it and so showing the way upward to the rest, and this is actually done.

But Malthus' way is a way to the worst for body, soul and spirit, the way of the surly bachelor and the frosty old maid, the way of nature aborted and complaining, of a blighted heart and a narrow mind, thwarted affection and balked desire. Along that path the voices of the children are hushed and their lovely faces are not seen, because sullen and angry men have been taught to regard them as a burden and a blot upon the fair face of nature.

Perish such a theory, though Mill combine with Malthus, and Walker support Mill, and Clark support Walker—perish such a theory, since in its own essence it is false, and has been as blighting to the true science of human life, as it would be to the welfare of society if once it were adopted.

## Comtean Nationalism.

The *Arena* for October gives us a noteworthy essay by Mr. T. B. Wakeman on "Emancipation by Nationalism." No one will deny the grasp, range and vigor of this writing, whose positions, however, seem to be as logically illogical as would be possible to devise. Like all who carry a metaphysical method to the direction of affairs, Mr. Wakeman goes astray by not heeding sufficiently the actual course of nature, or if he heeds, he thinks nature wrong and his theory right as against her. So he joins hands with Oscar Wilde in "The Soul Under Socialism," and presents their views for the leadership of the horny-handed and the wise of the generation alike.

We should be delighted to join in his propaganda, if we could in any way manage to see that it had either logic or the elements of success in it. But we cannot, because it involves the task of directing the movements of society off the track of its own orderly advance. History shows that man has always advanced from one set of forces, and really only one at bottom, and these were the social forces of increasing wealth. Therefore, whatever increases wealth most rapidly will increase human progress most rapidly, and all other devices, so far as they hinder the rapidity of that increase, will hinder progress just so much. Our inquiry then always is not whether this or that arrangement would be nice, amiable, or unselfish, or brotherly, but simply whether it would subserve the increase of wealth better; for once that is secured, all the rest will follow as it always has followed. And our task is therefore simpler than Mr. Wakeman's who has many notions to arrive at, and not merely a central principle which shall control and bring in all the rest.

He quoted Mr. Gunton as saying that "progress is an *integrating* differentiation," and then goes on to reason that Nationalism is the next integration. And by Nationalism he means not

what many people imagine—"a Military Socialism—but a free army of industry" which has voluntarily made itself into such an organized society and voluntary continues to be one. Now of course if such society should happen to organize itself it might be all very well, though Shakers and Brook-farm as well as the latest Wakeah experiments with many others indicate that it may limp terribly and fall short of the goal which Mr. Wakeman so confidently anticipates. But how shall one decide that Nationalism would be the next and a good integration? To us it would seem not to be an integration at all, but rather a deliquescence of existing integrations into a less differentiated homogeneity. Certainly the progress of society so far has integrated government for one set of functions and society for another. Now if we are going to disintegrate government into society, we surely are destroying one integration already existing by merging two into one. This is retrogression, and this for the reason that the economic process of increasing wealth involves the differentiation of the social life, and the individuality of the average man in society. It in no way resembles the integration of many small concerns into a great trust which will produce more with the same machinery, but it is an attempt to do more things by one machinery. But a universal tool is always less effective than a special one, as four hands are lower than two feet and two hands; one makes a monkey, the other a man.

But waiving this, let us say that the integration of society has always proceeded from the simple to the complex, and that society is more complex where individuals specialize their efforts without directions from a central bureau of any sort. An army is simpler than an industrial society. Therefore it cannot be possible that our next integration shall in any way resemble an army. And "a free army" is such a contradiction in ideas as to be really unthinkable, since it is of the essence of an army to be directed and ordered, and it is the essence of freedom *not* to be ordered.



Mr. Wakeman says "Republic and Liberty go down when the necessary integrations of civilization pass from the control of the people." If he means by "the control of the people" collective, authoritative management, then his statement is mere rhetoric and has no basis in real life. The integrating differentiations of society were never in "the control of the people" in their corporate form. On the contrary, organized authority has always been a great obstacle to all industrial and social differentiations. The church resisted as long as it could the differentiation of political government from religious authority. And political autocracy used all its power to resist any differentiation of political function, even to the slight extent of admitting a limited aristocracy to participate in the administration of affairs. And the further differentiations of parliamentary government and democratic representation were only obtained after centuries of struggle against the united force of church, aristocracy, and king, all entrenched behind the machinery of State authority. In Russia the autocrat has thus far prevented the differentiation even of theology from government, and the Czar is still the absolute head of both Church and State. The same has been true throughout the whole history of industrial and social differentiation.

The right of individuals to own property, to choose their place of residence, to select their partners in marriage, to determine the occupation and education of their children, or even to choose their own religion, have all been obtained by the persistent efforts of individuals spurred on by social forces and conditions outside the "control of the people" in their authoritative capacity as government; and in opposition to it.

The surgeon's profession did not differentiate itself off from the barber's craft because men resolved that it should, but because social advances required better surgeons than barbers could become. The demand created the supply; and as it was impossible for such a demand not to create such a supply, so it is im-

possible for any integration not to take place when there is a large demand for it. The demand finally splits wide open all opposing forces, whoever may resist. Therefore, to talk of "necessary integrations of civilization" passing "from the control of the people" is to substitute phantasy for fact and abandon all realistic treatment of the subject. In the Nationalist sense, social integrations never were in the hands of the people; and in the actual social sense they are an inseparable part of the life of the people, and can no more pass from their control, than sunshine can pass from the control of the sun, or steam from the control of water. Mr. Wakeman should make the *contents* of his words clear to his mind and not be misled by the unconscious jugglery of his own phrases. Words are not things, but the logic of words is forever misleading us as to the relation of things.

He evidently mistakes mere aggregation for integration, and consequently fails to see any difference between the concentration of energy for the performance of a special function and the centralization of all functions under a single administration. Whereas these are as opposite as the poles. The concentration of special functions is the method of modern society, and is the process of real integration; while the centralization of all functions under a single authority is the method of the primitive tribe, and is the process of mere aggregation—which is what Mr. Wakeman is really advocating.

Mr. Wakeman seems to hate all integrations into sects, communities, factions, parties, and the like, in which nature has so freely dealt since history began. But to merge all into one immense aggregation which wipes out all the differentiation of the past wholesale, is to cut off arms, legs, heads, from the body, and to present the undifferentiated trunk as a type of the finest man which he can imagine. He might be that, but he could not get a living, and Nationalism is like it.

As to his Fire Brigade example, there was never a Nationalizing of the system at all. There was simply a transformation of

the voluntary into a paid system with marked advantages. In fact a malevolent person might fairly urge that the old fire department was a small Nationalist society. Anybody could join it freely, serve it according to his tastes and desires, sacrifice himself to it, obey without orders, and keep step without drill. It was not a military, but "*a free industrial army*," and a pretty mess it made of it. And if such things were seen in the little, what would be found in the large? One needs no better illustration.

It is true Mr. Wakeman explains that by "industrial army" he does not mean an army at all, but only "order, economy, punctuality, reliable co-operation." Now these are just what we are getting more and more of every day under present systems. In all departments of life they are essential features of capitalist methods. The fact that a workman can only work at his own trade and is therefore bound to a factory would not be changed by Nationalism, since that is in the nature of a complex society and steam-driven machineries, and could not be abolished without destroying the factory system and returning to hand labor, small production and barbarism.

The real difficulty with Mr. Wakeman is that he wants the industrial affairs of society adjusted to metaphysical notions instead of economic law. In this he is like all metaphysical idealists, who from time immemorial have talked about economic problems as if they could be best solved by those who had least experience in actual life.

August Comte (Mr. Wakeman's social messiah) who outlined even to minute details the reorganization of society, declared his profound contempt for the study of economics. The Ruskins, Morrisises, Oscar Wildes and Bellamys, whose lead Mr. Wakeman now heroically follows, have been faithful to Comte's idea, at least to the extent of severely eschewing the study of economics. Not one of them can be charged with neglecting art, poetry or metaphysics to study the actual working of the "vul-

gar" affairs of real life. It seems not to have occurred to them that before one is competent to reorganize our industrial affairs he must know something of the actual working of economic laws as actualized in the production and distribution of wealth in society.

Now the only way to improve the condition of the great mass of mankind is to give them more wealth. But this cannot be done by any ideal division of present wealth, even if it were left entirely to our friends Mr. Wakeman and Oscar Wilde to distribute, because there is not wealth enough to go round even if the world's millionaires were all dispossessed. Nothing can give the masses more comfort and freedom which does not increase the *production* of wealth. How Nationalism will do that Mr. Wakeman does not give us a hint, yet to fail there is to fail everywhere. Until it can be shown how Nationalism will produce far more than our present individualism, it is not worth the chances of disturbance to try to put it in practice. The superstitious in every age have always been alarmed at the really progressive movement of society, because of their ignorance of the true character and law of social advance. Savages are terrified at the approach of civilization. The church was alarmed when the machinery of government passed from the control of theology. Royalty was horrified when the Divine right of kings was superseded by the social right of representative government. Handloom weavers were enraged at the appearance of the power-loom. Small factory owners were afraid of large corporations; and Trade-Unionists oppose the use of new machines. And all because they were ignorant of the nature and function of the new institutions.

So it is with our Nationalist friends. They array themselves against the latest forms of industrial differentiation, and demand the right to revolutionize our economic institutions without even an elementary knowledge of the working of economic laws in society. They denounce capital in its most efficient form, as if it

were the deadly enemy of mankind instead of its best friend, and characterize the wages system as the essence of slavery, although its adoption has been everywhere characterized by an increasing liberty among the working classes.

What the masses want is not more unintelligible idealism, but higher wages, which means to them more wealth for a day's work, and the possibility of a higher social life. And until Mr. Wakeman and his Nationalist friends can show some economic principle in society by which their scheme will raise wages, reduce prices, and increase wealth for all, their raving about monopoly and slavery should be regarded as a superstitious crusade against society, and not a philosophic movement for social advance.

## Economic Contentions.

IN a striking little paper on "The Human Amoeboid," in the *North American Review* for November, Mr. Edward P. Jackson remarks upon the increasing specialization of function to which the individual man is driven by increasing civilization, as being a deterioration of that individual. He says that specialization means narrowness, and "does not swell the man into a larger sphere, but sharpens him to a finer point." "Now a single man does not make a whole watch, but only a part of it." And he goes on to console us for this individual loss by a sight of the general gain. It is indeed difficult to see how we can all be gaining as a society if each one is losing as an individual. The notion is much like that of the French girl who "sold her goods below cost but saved herself on the quantity."

But why does it not occur to Mr. Jackson to ask if we really are deteriorating as individuals after all? Wider scholars, more intelligent naturalists, physicians, historians, machinists, inventors, philosophers, statesmen, mechanics, and day laborers than we have to-day never were. In fact a common laborer in electric machinery has more sound knowledge in our times than a belted knight or studious churchman of the Middle Ages. Men are not narrowing; they are visibly widening every year. What can a writer mean who takes the contrary position in face of flagrant facts?

Doubtless he is misled by a theory. He thinks that the more things a man can do, the more things he must know—which is true. But he also thinks that the more things he *must* do, the more he will know, which is just the reverse of true. For in fact, the less a man is compelled to do, the more he is likely to know, and so, in fact, does know. A man is no prodigy nowadays who is well informed in classics and sciences, in mechanics, literature, politics, and art. A century ago it was impossible to

be so well informed, and earlier, men like Cotton Mather, who only knew the classics well, were looked upon as phenomenal.

But our times release men from necessary labor at many things, to give them time for much instruction. It is doing many things ill that narrows. A farmer with his multifarious details of work is sure to be less of a man than a fine, high-grade mechanic who does but one thing daily. To do one thing well not only sharpens, but broadens. Mr. Jackson probably never felt the slightest alarm arising from his view that men were tending to become all point and no breadth, as he expresses none. Really his notion is only a pleasant whimsy.

Mr. S. STEPNIAK gives us word as to what he thinks "Americans can do for Russia." In the main all he seems to ask is that we shall keep the light turned on as to Russian affairs, as Mr. Kennan and others have attempted to do. And doubtless this is interesting, especially to outsiders, and seems useful to Revolutionists whose only weapon is their talk. Revolutionists are apt to believe in talk as a great remedial agency, and what they call an irresistible force of public opinion. But in order to change a whole nation far more than talk is necessary. Words will not do it, and so long as the nation does not read largely, words do not even reach the masses of them. We once knew a young Chinaman, educated here, whose ambition it was to go back to China and induce the Chinese to change their language for English. He thought he could do it, and yet he was a man of ability. I thought he could not, and now he is sixty years old and still Chinese has not been abandoned for English.

Russian agitators outside of Russia are attempting an equal task, with equally futile means. So to speak, they produce absolutely no impression. They are a wind blowing against the Matterhorn. The Czar himself in building a railway into Siberia, as he proposes, will do more to advance Russian enlightenment than all the Revolutionists since Rurik to the present day have accomplished. What the Russians need is industries developed,

new occupations, fewer farmers, a vast and complex diversification of employments. How can the scattered agriculturalists on the wide plains be changed by pamphlets? They have no idea that they are oppressed, except by the niggardliness of the soil. The Tartars roaming about freely without any Czar do not change. It is not freedom or despotism that liberalizes, it is new industries. Men and women here will agitate against the Czar with as much effect as if the Russians were to begin an agitation over there against the immense autocracy of our President.

Russia, like the rest of the world, will change when the social wants of her people create an effective demand for the use of steam machinery, factories and diversified industries. Our great factory civilizes more than millions of bombs. Russia, like other nations, will be released when increased production releases her, and not before.

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MRS. SHERWOOD writes that "servants are becoming our enemies rather than our *humble* friends; a lava bed beneath our feet full of danger" and bewails the growing absence of "faithfulness in servants and devotion to the family." That is the upper class view of it. The economic view of it is that servants are ceasing to be servile, and becoming persons having self-respect and an intelligent view of their own interests. What needs changing is not the new view of the servant, but the old narrow view of the master and mistress. The servant is rising, not falling, and it behooves their betters also to go up with them. It is doubtless very pleasant for masters to have slaves, but it is not good for them, nor for the slave either. Sentiment is going out, and the servant now requires good pay instead of good will, which is very inconvenient for those who would rather pay in good will and keep their cash themselves. The new relation of money is really every way more wholesome for all parties, though more expensive for the mistresses, and it is here that the shoe pinches. The mistress wishes to take airs and not pay higher wages; the servant wants higher wages and less airs.



What the mistress has to do is to make up her mind to the new state of things. The old will never return, the upper classes will have to learn that servants have rights as well as duties, that they have tastes, desires, need of recreation, love of their own company, pleasure in change, and must have money to gratify themselves just as well as the ladies. The effort to keep them down will not succeed and ought not to be made. Servants are getting better and more efficient and intelligent all the time, as they infallibly will in a progressive community. If they are "sullen, changeable, unfaithful, insolent," and the rest, it is because the mistress is often trying to keep them down unconsciously. Of course they do not act perfectly—any more than the rest of us—they have many faults. Why shouldn't they? They are mortal; and one couldn't expect perfection to be satisfied with boiling the potatoes. The servant does not need a "kind mistress," but a just one.

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SENATOR VORHEES writes a "Plea for Free Silver" in a vein so full of vituperative adjectives that it impairs the force of his argument. In fact he makes no plea for free coinage, except such as springs from denouncing both the motives and methods of his opponents. It seems a pity that the whole question cannot be removed from the domain of discussion by simply passing a law that the government shall stamp all metals with a mere certificate of quantity and quality—as for instance, so many grains, say 16 grains silver, or whatever it may be, and let the coin take its chances as wheat and potatoes do in the market.

Mr. Vorhees makes a plea in behalf of debtor classes as against creditor classes, forgetting that poor people also are creditors for small amounts, and need every dollar of value there is in the debt. Also, why should free silver benefit the debtor classes unless it enables them to pay off their obligations in money that only nominally represents the full amount of them? Silver money of full value would be just as hard to get as gold itself;

but to pass a law to enable debtors to defraud creditors—say by 20%—would serve the Senator's object equally well and be less expensive. Would the Senator advise that?

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Mr. J. BRISBEN WALKER has published a lecture on "The Church and Poverty," delivered before the Catholic University, in which he arraigns that church for its various shortcomings respecting poverty, and points out socialism as the remedy for ills springing from too much poverty in some and too much wealth in others. He has the usual turbid view of capitalized wealth as being an oppression to the poor instead of the source of their living in the factories it builds and the machinery it sustains. He thinks the government would manage distribution better, in spite of the well-known fact that government has the most wasteful administration of its own affairs known to any department. He goes in for the government's taking control of railways, telegraphs, and the like, as if government half attended to its present business. We wonder these Socialists, instead of advocating a government control of existing industries and railway lines, do not propose to have the government build and own industries in unoccupied territories, thus owning from the start the machineries of the future in new States. The clear reason is that any one may see at a glance that such a proposition would involve labors, risks, and dangers quite beyond the power of government to overcome. Yet the new States will be settled, developed, and advanced by private enterprise beyond doubt most successfully; and why, if the government is so much better adapted to take care of property, should it not be put to work on these new problems before private enterprise steps in? But it would be evident folly. All socialism goes on the bar just here. Doubtful and venturesome new enterprises it cannot undertake and manage; and so its advocates simply favor taking possession of established *paying* property, and no other. In other words despoil the rich—a scheme mostly of the French Revolution only.

## The Two Per Cent. Scheme.

In these days it is a good sign that so many are awake to public duties, and that from a large number there goes up an honest cry for public morality, business integrity, and an ethical sense higher than the legal code demands or could be fashioned to secure.

But the first result of this wide-spread determination to see justice done is a great clamor born of entire ignorance of the relations of public questions to each other, of relative justice, and of the effects of meddling with the many-wheeled coach of public affairs. One of these pleasing schemes is for government to lend money at two per cent. to Western farmers. They now pay enormous interest, say these enthusiasts, freights are high, and beef brings but five cents a pound. Now it would seem that a few questions on these heads are pertinent.

First—Whose money would government lend?

Second.—If Peter wishes to lend money to Paul at two per cent. why should he call in the machinery of government to do it?

Third.—Has government any money to lend Paul that is not mulcted from Peter?

Fourth.—Does not the fact that the law in some Western States protects the farmer from foreclosure, so that many Peters in the East are already mourning for both interest and capital loaned on Western farms, throw a little light on the cause of the enormous rates of interest on said mortgages? Does it not become necessary for farmers to bid high for money if security is poor?

And again, if four per cent. is now paid on government bonds—the best security, and if savings banks pay three per cent., and the best mortgages here bring five, is it not in order to consider the effect of government's lowering the standard so far as to pay two per cent. on poor security, or even two per cent. at all? Should we not have to call upon government to put its hand in

Paul's pocket to assist in his turn the thousands reduced to penury here by the shrinkage of interest on their small investments, and would not the saving's bank require to be paid for keeping our money, rather than pay us for the use of it? Who would invest capital at any such rates as would follow from such a basis?

And when all was done, let us ask, would the farmer's beef sell for any more, or his freights be any less? Would it not be well to inquire, before we plunge, what the relations are, if any, between the price of money and the price of beef? Whatever they are, one thing is certain, that whether the farmer pays small or large per cent. on his mortgage, he will equally be bankrupt if he has not a market for his meat and his grain. And what can make him independent of high freights but a market near home? What the farmer needs is factories, towns, centres of civilization—mouths for his beef near home. This is the only permanent benefit to the farmer here as in Ireland. The need of Ireland is for factories, which bring social labor and trained faculties. A machine is a great educator in precision, punctuality, order, self-control, promptness, and alert and keen perceptions. And it is the greatest known distributor of wealth. In its train follow always a more complex civilization, multiplied wants, more expensive living, and higher wages.

The West needs manufactories. With the coming era of electricity as motor power it will have them, and it is the only help that can be abiding. Meanwhile, it is living the pioneer era of toil and hardship. If the government were indeed determined to play philanthropist, its best method would be to establish new industries there, for this has been the order of evolution from the first; first the farm, then the workshop and manufactory. No nation has thriven without manufactures and multiplied industries.

The danger from the hydra-headed reformer of the day is that he fancies each pet reform stands alone and is without relationship to other branches of economics. He is like a cook that attends to but one thing, and, while he builds his fire with reference to his oven, lets his kettles dry and his vegetables burn. Hence we watch him with a wary eye, expectant of explosions.

ELLIS MERRIAM.

## Editorial Crucible.

Correspondence on all economic and political topics is invited, but all communications whether conveying facts, expressing opinions or asking questions, either for private use or for publication, must bear the writer's full name and address. And when answers are desired other than through the magazine, or manuscripts returned, communications must be accompanied by requisite return postage.

The editors are responsible only for the opinions expressed in unsigned articles. While offering the freest opportunity for intelligent discussion and cordially inviting expressions of well digested opinions, however new or novel, they reserve to themselves the right to criticise freely all views presented in signed articles whether invited or not.

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THE *Boston Herald*, which we recognize as a friend, genially speaks of us as "an organ for discussion rather than for articles prepared by those who have thought important questions through." We do indeed invite articles of that kind, as we believe the best way to meet public issues is to find out what ideas are at work, and meet them. But we have a distinct body of doctrine embodied in Mr. Gunton's book of "Principles of Social Economics," to which we refer all questions for solution. This body of doctrine is in no way tentative, but complete and clearly defined, to which we solicit the attention of our friendly critic.

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MR. EDGAR FAWCETT in the *Arena* writes of Wall Street as a "Paradise of Gamblers," after his vituperative and wholesale fashion. He seems to be very pessimistic generally, which comes of looking only for the materials of novels of a shady import in modern life. He thinks the broker a numbskull, and the entrepreneur a pirate, and writes as if Wall Street were a sort of social Botany Bay—a rendezvous for all criminals. Mr. Fawcett should go down there for a few years and see what honest labor and wide mindedness go to the enterprises which he scoffs and which do quite as much for civilization as thoughts about "How

a husband forgave," and the like. The excursions of our novelists and outsiders into Wall Street life seem to be chiefly made through the columns of sensational reporters of the livelier sort. Do these persons really think that the business of the country is carried on by loafers and blackguards? The mere handling of masses of money in Wall Street requires intelligence, probity, clear heads and sound judgment. But perhaps our wisdom is all centered in romance writers, and they know it all. They write as if they felt sure of it.

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"THE Profits of Good Country Roads," by Mr. J. B. Potter, in the *Forum*, opens a good subject from an excellent point of view. He shows that they are profitable to the farmers. There is clear net gain over and above the expense of making them, to say nothing about the pleasure of riding over them. They come under the economic head of new and improved machinery, which the farmer cannot too rapidly adopt and urge forward. They would be very civilizing also to the rural districts by facilitating social intercourse and developing the spirit of community. Europe has an immense advantage over the American farmer in the leagues upon leagues of macadamized highway which runs everywhere and makes carting as easy for wagons and horses as running over a barn floor. Think of the interminable roads of this sort running even over the lofty Swiss passes, and see how sure the people must be of the profitableness of such outlays to insist upon them everywhere. One of our roads in Springtime when the frost is just thawing would give a whole Canton a spasm to see. But we lazily let it go, forgetting its costliness and the isolating effect it has upon communities. We should mend our ways—in this.

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IN DISCUSSING the development of the tin-plate industry in this country the *Financial Times* (London) warns Welsh manufacturers against being deluded into the idea that Americans cannot make tin-plate, and says :

"Time alone is wanting to build up the tin-plate industry in America, but it is to be feared that the Welsh manufacturers are deceiving themselves if they imagine that a decade must elapse before any impression can be made on their business by rivals across the water. A year or two, however, will certainly intervene before the competition can be really dangerous. Long ere that time it is to be hoped that the American people will have torn up the McKinley law root and branch, or at least have pruned judiciously, and signs are not wanting that this will come about. The Welsh manufacturers have some strong-siding champions in Chicago and elsewhere."

It will be observed that the *Financial Times* does not share the absurd predictions of such journals as the *Evening Post*, that Americans cannot manufacture tin-plate. On the contrary, it sees that their opposition to the development of new industries in this country and their efforts to abolish our tariff is the only means of securing the monopoly of that industry for Welsh producers. The *Times* may rest assured that whatever our Godkins and Wattersons can do to prevent the successful production of tin-plate or any other article of manufacture in this country, will be promptly done, for nothing seems so much to their taste.

THE *New Englander and Yale Review* heads its issue with an article on "The So-called Labor Question," and goes on to treat that important subject as if it were a wanton controversy engendered by folly and selfishness on the two sides with no serious interests at stake, and capable of adjustment by mere good intentions and honest industry. One wonders how much light can be wandering about the halls of a university whose *Review* does not half believe there is a Labor Question. Doubtless it does know that there is a question as to who wrote the *Iliad* and the *Odyssey*—but that is much more important. Mr. Matthews, who signs the article in question, should read economic literature a bit, where he might discover something to his intellectual advantage. Probably, however, when it comes to hiring a servant or employing a laborer he suddenly wakes up long enough to make a

real question as to the rate of wages to be paid. If he would like to know, that question enlarged and organized is the Labor Question "so-called" or not so-called.

It is needless to say that anyone who thinks the matter could be resolved if the demagogues would stop demagoging and the walking delegates stop delegating, is far from seeing that the strife of workmen for higher wages involves the whole modern movement of the democracy towards a higher and richer mode of life and civilization. Mr. Matthews pours much literary scorn on all parties to the struggle on the workman's side, as if they were contending merely for a better chance to drink and loaf and mistaking words for deeds—wherein he mistakes sadly. But he can not be in touch with real life.

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THE recent elections furnish another object lesson in economic studies. Especially interesting are some of the reasons given for defeat and victory in different States by political leaders. Governor Campbell of Ohio, for instance, explains his defeat by saying that it was a "life and death struggle for McKinley and his party." And pray what was it for Mr. Campbell and his party—a farewell picnic? And Governor Russell says his "election means that Massachusetts is earnestly for tariff reform on the line of free raw material." Then what does the election of the State officers and both branches of the Legislature of an opposite opinion mean?

The truth is, that the real lesson from these elections is that public opinion is in a state of mobility, not to say confusion, on great economic and political questions. Hence elections have been determined by the personal character of candidates or by local issues. One feature, however, is that with all the chaos there is an observable gain by the Democrats. Nor can this be attributed to any consistent economic policy on their part, since their position on leading questions is different in different States. Free Silver in Ohio, and the contrary in New York and Massa-



chusetts. The real cause is a weakening of the popular faith in the doctrines of the Republican party, because of its muddled reasoning about them, rather than any new confidence in the Democratic.

Mr. Cabot Lodge sounds the real key-note of the situation when he said: "Significance of the result in Massachusetts is serious, after all allowance has been made for Governor Russell's popularity. We shall have to fight as we never fought before to keep Massachusetts." This is true of some other States, as well as Massachusetts. And the fight will have to be fought with new weapons, namely, a better knowledge of economic and political subjects. Nothing can save the Republican party in the next Presidential election but an extended campaign of economic education.

MR. T. B. VEBLEN writes in the *Annals of the American Academy* upon "Some Neglected Points in the Theory of Socialism" in a charming style. He attacks the scheme of private property from the side of its perpetual social irritation, in that the fact that some one else has and spends more is always exciting discontent in him who has less. He thinks that the abolition of private property might do away with this private jealousy and leave men "free for other and nobler activities" than those of economic emulation. Like all idealists he closes his eyes to the fact that without such emulation most people would relapse into idleness rather than mount to "nobler activities." In fact, if everybody should once be contented, why should anybody better himself at all, and what activities would there be to be pursued? Discontent and desire are the two spurs to all effort. As Mr. Beecher once said, "laziness is the original sin," and all the oriental and stagnate societies are unprogressive largely by reason of it.

Mr. Veblen's further speculation is about an industrial system which is neither that of contract nor that of status (meaning by status something like a military organization or a bureaucracy), but that of constitutional government, where there is

"neither contract nor status" but only freedom under "impersonal law and impersonal institutions." The community "has the right of eminent domain and the power to tax," and on the lines of these functions "the socialists are advancing." Mr. Veblen himself finds his views here to be rather vague and too immature to apply to any existing socialist scheme. Perhaps we may venture to say that the method is vague because it is incapable of being realized in actual life. Individual force and power are so indispensable to human movement that nothing can be done till the individual is arranged for, and the whole socialistic scheme for suppressing his power and virility is sure to come to naught, because he will shatter it by virtue of the natural forces which are packed in him and which he burns to exercise and exploit. Individuals willing to be nothing and nobody are found among slaves and negroes, but not in high civilizations. In fact, powerful individuals increase steadily in numbers, force, and range. Reduce them to rule and you reduce society to its lowest common denominator. Mr. Veblen maybe reads and ponders too much, and thinks of mankind too often as a possible race of professors instead of a race of burly as well as highly-developed citizens.

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THE RELEASE of criminals in Tennessee by the miners is a forcible example of the power of taking an initiative that resides in an American community. Being aggrieved, they wait for no legal measures but rise against the law and State itself in the interest of their own welfare and sense of justice. It is like the revolt of the Californians against the influx of Chinese, and has thus much in its favor, that it is the effort of a better civilization to protect itself against a lower in both cases. The convict is, of course, an inferior type of person, and where he is supported by the State can easily be let out to work at lower wages than is required by those who have to support themselves and their families. His labor, therefore, becomes a threat of lower prices to free laborers in the same branch of business. To set him free and

give him citizens' clothing is indeed a severe remedy for the wrong, and will doubtless make itself felt down there in a social retrogression which will do all the mischief the miners feared in depressing wages, and a good deal besides. One cannot have some hundreds of criminals let out to maraud freely without suffering a serious social injury.

The problem of criminals, however, regarded economically is simple enough, though it seems to be difficult for the public to arrive at it. But it would be to put them to their various avocations at the same rate of wages ordinarily paid to such workmen, and charge them the entire cost of their living in prison, including rent. They would, of course, make a little money in this way, part of which should be given to their families if they have such, and if not, allowed to themselves to use as they see fit, exclusive of providing liquor. This would tend to assimilate them to the ordinary civic life of community, and when they were discharged they would have the remainder to start life with and habits of regular industry calculated to retain them in the civic ranks. Criminals tend to decrease regularly in civilized communities, and this would help the diminution forward. The less exceptional any status can be made for anybody, the better for him and the better for the community in the long run. The prisons would thus support themselves and cease to be a burden in that way without becoming so in any other way.

Of course the contention which demands that the prisoners should be supported in idleness to avoid their competition is absurd and bad for workman and criminal, as it adds to the burdens of society and makes it luxurious to be a criminal, the luxury being of the worst sort, unearned, undeserved and injurious.

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THE *Milwaukee Daily Journal*, which is extremely wide-awake and progressive, rejoins to our defense of Rothschild and Baron Hirsch who made his money quite legitimately as far as we can learn, with an attack on Jay Gould whom it calls a wrecker

and robber. While we did not mention Mr. Gould, yet he certainly is a "crownless potentate" in our sense, which is that of one who has great power: William the Conqueror was a crowned potentate though he stole the crown of England. If Mr. Gould never organized a railroad successfully, he has made everybody think he has done so, which seems strange. When he bought Union Pacific he had not previously wrecked it, nor had he Missouri Pacific, nor Wabash, nor Western Union. Mr. Gould has bought properties which were already in the gutter, reorganized them and then sold out at a high price, but the wrecking was not his work. He is no more a ghoulish man than is a man who knows how to collect a lot of poor rags and turn them into good paper. \* But whether or no, he has made his money in railroad industries, and enough of it to be a "potentate," which is a power, as everybody knows and he wears no crown, which is being "crownless."

As to watered stock too, we insist on our view. "The right of eminent domain" belonging to a railroad is very limited, and does not alter the character of its property, or of its "unearned increment." After all, its real estate is only a long and large piece held much as the real estate of a large factory is, only in such a way as best serves the public welfare. We give it the right to condemn private property because it is for *our* interest to do so. When its property rises because of its existence, it does so for the same reason that private property does because of increased business. The public doesn't give it eminent domain for the railroad's good—the public is no such innocent, but for its own, and it gets that. As to stock-watering, the business of a railroad no more depends on the amount of its stock than it does on the number of its directors; nor does the fact that its capitalization is large tend to make high transportation charges, any more than the fact that a man has ten children to support tends to make his wages higher than his neighbor's. High rates are charged because directors think the business will bear it and would be charged just the same were there but one share of stock to pay dividends on. A share of Harlem R. R. stock is worth 250 because it gets 10%. Double the stock, and each would be worth 125, under the guarantee of the same sum for the whole dividend. And we thank the *Journal* for its good opinion of us, which we cordially reciprocate.

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# THE SOCIAL ECONOMIST.

DECEMBER, 1891.

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## A Plan to Improve and Beautify New York City.

By J. D.

There are few, if any cities which possess so many natural advantages as the city and harbor of New York, and there is hardly any city for whose beautifying and improvement its inhabitants and government have done so little. The *New York Herald* of the 23d of last August had a pictorial article pointing out some of the beauties of our Metropolis and its water-ways, and added very justly that if any European city had such natural advantages, they would be improved and every one would admire them, whereas here they are hardly noticed.

To avail ourselves of all these advantages, and to do so in a systematic and well matured way, it is hereby proposed to form a society for effecting improvements and beautifying the City of New York. The object and business of this society will be to use its influence and to have its members work so that such beautifying and improving may be done in a uniform and corresponding way, and also in a lasting and advantageous manner. That such a society has here an ample field, cannot be denied.

To discover what should be done for the city to make it a more attractive and agreeable place of residence, it would be well to see how we are deficient compared with the best

governed and most beautiful European cities, and then try to introduce those improvements here. In making improvements, it will be well at first to attempt such as will add, at once, to the comfort and pleasure of the present generation, and after we have made those, we can attend to further improvements and beautifying likely to benefit those who succeed us. So the present generation will derive the full advantage of what it may do, not only by making this a more attractive and pleasant city to live in, but also by making our properties more valuable, for the added attractions will draw more residents to the city and will unquestionably add to the value of real estate.

To secure good results, it is important that the society limit its labors to effecting a few improvements at a time, and that it use all its energy and influence to have those improvements completed. As soon as the first are completed, then it is to devote itself to new improvements, yet always to retain an oversight of those already accomplished and watch constantly that they be not again lost.

Let us now see wherein New York is especially deficient, and how its deficiencies can be remedied by this society. There are four things in which New York is especially backward compared with better cities. These are:

(1) Its streets are not clean; (2) They are badly paved; (3) The City is badly lighted; and (4) It is entirely bare of trees and shade.

It is proposed that the society give these four great needs its immediate attention. The manner of doing so is proposed to be as follows: The members of the society to be divided into two Committees. One Committee to see that streets are clean and well paved, and the other Committee to try and improve the lighting of streets and to get trees planted in residence streets and avenues.

The method of operation of these Committees shall be the following: The City is to be divided by this Committee into sections or wards. Two members of the street-cleaning and street-paving Committee shall be assigned to each section.

It shall be the duty of these persons to visit their sections several times every week, and to report to the secretary of the society those streets found to be badly cleaned or paved. The secretary of the society is then to communicate with the Street-Cleaning Department and the Commissioners of Public Works, and call their attention to these facts. Where this Committee is to be particularly useful is in calling the attention of the society, and by it of the Commissioners of Public Works, to streets torn up by the Gas, Electric-Light and other Companies, which hardly ever relay properly the pavements they take up. This is one of the great causes of the poor condition of our pavements.

If the heads of the different departments of the City Government co-operate with the society, as it is their duty to do, it will be easy to improve the condition of our streets. Should these officials, however, be unwilling to aid the society in its efforts to improve that condition, then it shall be the duty of the President or Secretary of the club to write letters to daily papers of this city which are in sympathy with the work of the society, and call attention to the fact that the officials are not doing their duty. A society such as ours is sure to become, if properly arranged and managed, eventually influential in commanding the attention of the city. Its success must depend in a great measure upon the aid which the independent, self-respecting and influential members of the press are prepared to give it. If these gentlemen are sincere when they now attack our Municipal Government, and if they really desire to see this city kept in better condition, they have here an opportunity, by seconding the society in its endeavors, of really benefiting the citizens of New York.

To further interest the members of the press in the success of the society, it is proposed to make the chief editors of our daily papers honorary members of it, and also to make the Mayor and the heads of the various City departments honorary members as well, as long as they hold their offices.

The second Committee should devote itself to studying the lighting of different cities, and take measures to improve

New York with a better system. This Committee should be charged with the duty of seeing that all carriages, wagons, carts and all other conveyances have lighted lamps after dark. It should also devote itself to inquiring how it is possible to secure shade and trees for the residential portion of the city, so as to take away the bare look of our streets and make New York an attractive place of residence in summer, which it is not at present.

These are improvements for the society to commence with, and after they are accomplished, so that the city is kept clean, well paved, well lighted, and has proper shade, then the society should exert its influence to effect further improvements such as the following:

That uniform buildings be erected, so that hereafter no three or four story houses be erected next to ten or twelve story buildings.

That all public places of amusement and of public meetings be properly ventilated.

To favor the construction of arcades along Broadway and other business streets. These arcades, to be built of iron and glass, are only to be closed in very hot or stormy weather. This would add greatly to the profits of the merchants along the lines of the arcades, as many people would go out, if they could walk protected against heat and storm, who would otherwise remain at home.

The society is to exert its influence to have free concerts established in different sections of the city for every evening during the year; to have pretty and ornamental kiosks put at street corners for the sale of papers and fruits, instead of the ugly stands that we see at present.

To endeavor to secure a good and reasonable cab system for New York.

All these improvements and many others, pertaining to the improvement of the water front and harbor, the securing of civil service for our municipal officers, etc., etc., offer a large field of usefulness for all members of the community. It is proposed that both ladies and gentlemen become members



of the society, and there will be plenty to do for all. Engineers, architects, builders, etc., will also be specially wanted to join the society, as their special experience can be of great value.

All persons of good character and standing are, upon the payment of a trifling initiation fee and of small annual dues, to be able to join the society. The money obtained by these initiation fees and dues is to be expended as follows:

1st. In renting apartments for the meetings of the society, which should take place at least two evenings every month. In this apartment all the business of the society would be done.

2nd. In the supplying such books, periodicals, literature and illustrations as treat of Municipal improvements and beautifying in the past and the present.

3rd. For the payment of such clerical help and servants as the society may find it necessary to have; and

4th. Eventually the society is to have its paid inspectors, to see that the streets are kept clean, paved and lighted, and report any neglect to the Committees in charge. No member of the society is to hold any office that carries any pay or profit with it.

As already stated, the Mayor and the heads of the different departments of the City Government are to be honorary members of the society while they remain in office. If not members of the society when put up as candidates for office, then they cannot apply for membership to the society until their time of office-holding has expired. The object of this is that no honorary member can use his influence against the society in case of a non-election when they apply for membership.

Before proceeding actively to work, the society will try to include among its members some persons of influence in the press and in the City Government. It is for the interest of these people to join it. Any newspaper that will actively, constantly, and systematically devote some space daily to advocating improvement, would soon find its profit therein by an increase in the number of its subscribers, for all residents

of the city would naturally wish to be informed of improvements going on and the faults and defects pointed out. Any public man who would help such a society might soon become well known and popular, which would forward his re-election. The society will be strictly non-partisan in politics.

Besides enlisting among its constituents members of the press and the City Government, men of business and women of experience in charitable work, and professional men and specialists, the society will endeavor to draw to itself men and women of leisure and means, who would like to do some good with their time and money and do not exactly know how. What frequently deters them from working and giving for any special object is the absence of actual good results, and the fact that a lot of office holders are more benefited by what they give than the people or object which they aim to benefit. That cannot happen in this society, as there will be no profit or pay in it for anybody except a few necessary employees and servants. To all such persons of means and leisure it offers a new field of usefulness and interest. By giving time and money to it, they will secure the improvement they wish, and make it a more agreeable place of residence; it would also increase eventually the value of any property that they may have in this city.

The People's Municipal League, the Civil Service Reform Association and the Ladies' Health Protective Association, are each endeavoring at present to do part of the work which is proposed for the Society for Beautifying and Improving the City to accomplish. They have each met with a certain amount of success, but if these different societies could be united into one strong and influential organization, enlisting in its ranks all those citizens who sincerely desire to see this city well governed and who are willing to give time and money for this purpose, and also secure the co-operation of the city press, there is no question that such a society would in a comparatively short time be able to accomplish great results. And such an organization it is hereby suggested to form.

## The Unemployed.

BY HON. CARROLL D. WRIGHT.

The difficulties in the way of stating the truth relative to any condition of the people are very great, and after the truth is stated it is exceedingly difficult for writers and speakers to re-state it. A well known game, indulged in in social circles, illustrates this subject. A statement is made to the first person in a circle, and he repeats it to his neighbor, who in turn repeats it as he understood it; and so on to the end, the last person in the circle giving aloud what he has received, and then the comparison is made, and as a rule the final statement bears little or no semblance to the original. I expect this is because many men have many minds, as the old copy-books used to say. But the difficulty is illustrated in real life, and every one engaged in statistical work is alternately amused and annoyed by the misquotations of statements that have been prepared with care and that are made as accurate as it is possible to make them.

My attention has been called to one particular line of misstatements by the constantly recurring misquotations relative to the unemployed. These statements have become so absurd that my good friend Dr. Edward Everett Hale, in an article on "The Prevention of Pauperism" in the first number of the *Charities Review*, and when speaking of a course which he thinks should be adopted, is led to cry out, "Now the execution of this resolve is hindered by every such lie as that which is constantly in the mouths of demagogues, that there are at this moment one million people in America who cannot find employment. Any circulation of such falsehood as this sets back the country in its own eyes and in the eyes of the world." Doctor Hale has my heartiest sympathy in this cry, for it has become familiar to me in reading the misstatements or the misapplication of fairly truthful statements relative to the unemployed. No line of statistics is more difficult than that relating to the non-employment of the people. It is almost

impossible to secure any correct data, and it is worth while, perhaps, briefly to consider some of the attempts in this direction, and the way the results are used or misused when speaking of conditions. Sometimes the statement is absurd and its official correction rational, but the original statement becomes fixed in the sociological literature of the times, while the official correction is lost in some insignificant item in the newspapers of the day. This is well illustrated by an investigation made some years ago—not by myself, however—in one of our States where the intelligence of the people is supposed to be at high-water mark. After collecting from the various towns and cities in the State the number of tramps housed or fed by the authorities, the official announcement was made that during the year 60,000 tramps had been entertained by the cities and towns in the State. I shall not attempt to give the number accurately, but it was in the vicinity of 60,000. This statement traveled over the country and over the world, that such and such a State was invested by an army of 60,000 tramps. The statement challenged criticism, and in the month of May following the announcement a midnight census, by two distinct authorities, was taken of all the tramps housed or fed at public expense in the State on a particular day. Again, six months later, another midnight census of all the individual tramps in the State was taken, and the highest number that could be counted at any one time as existing in the State was 1,100. The original error arose from not taking account of the migrations from town to town of the small body of tramps in the State; that is to say, one tramp, if he stayed within the State during the whole year and was housed in a different town or city each night, not lingering more than one night in a place, was counted as 365 tramps in the original official statement. Eleven hundred men grew to an army of 60,000 rogues in buckram in the estimation of the officer making the original statement. This was a number of years ago, and the statement has practically died out; but once in a while it appears that the State in question has an army of 60,000 tramps. The correction never received much attention.

About the time that the statements just quoted were made, it was popularly asserted that there were from 200,000 to 300,000 people out of employment in the State of Massachusetts; that there were 40,000 people out of employment in the city of Boston, and that there were 3,000,000 people out of employment in the United States. The last figure was quoted in papers, works on political economy, speeches in Congress, political resolutions, etc., etc., till it came to be believed everywhere, and yet no one could trace it to its source. No one seemed to think of the incongruity of the statement. It was always used in connection with manufacturing industries, and yet in the State of Massachusetts at that time the whole number employed in manufacturing industries was but little over 300,000. These statements led me to make the best investigation possible at the time relative to the number unemployed, and in June, 1878, I addressed a circular to the assessors of cities and towns, asking them to give me as careful an estimate as possible based on their experience in making their May canvass, on the following points: First, number of skilled workmen in mechanical and manufacturing industries out of employment on the 1st of June, 1878; second, number of laborers unskilled in any trade out of employment on the same date; and I informed the parties that their estimates were to relate to able bodied males over eighteen years of age, and should comprehend those only who really wanted employment. The result showed that in the State on that date, according to the estimates of the authorities who carefully examined the subject, there were 8,560 skilled laborers seeking employment, and 12,252 unskilled laborers practically out of work, or a total of 21,812. These numbers related to males only, as I have said, and it was just to ascertain the total unemployed females. This was shown by adding the percentage which represented the proportion of females to males employed to 21,812, the number of males unemployed. The result gave 28,508 as the total number of skilled and unskilled laborers, male and female, seeking and in want of work, out of employment in Massachusetts June 1, 1878.

It was claimed, and properly, that June was the wrong month in which to take the account of the unemployed, because in agricultural districts laborers were busy at that time, and that if the account was taken in the autumn the numbers would show a vast increase. So another investigation was instituted in November, 1878, through the police of the State, the result showing that there were in Massachusetts, in November, not over 16,000 of the same classes as were reported upon in June, and including women, about 23,000, as against 28,508, total in June.

On the basis of the June investigation the unemployed in the whole United States could not have been over 570,000, and in November something like 460,000, ordinarily having work, but then out of employment. This report was quoted extensively, and removed to a large extent the idea that there were 3,000,000 people out of employment in the country. The absurdity of the statement, when the whole number of employed was taken into consideration, was apparent; yet the truth or the approximate truth, as shown in the report, was misconstrued and misstatements drawn from it or referred to it for authority.

In the Second Annual Report of the United States Commissioner of Labor, transmitted March 17, 1886, which treated of industrial depressions, I undertook, from a consideration of all the elements in the case, to state the extent of the industrial depression then prevailing. It was easy, from observation, to understand that an industrial depression existed, but it was difficult to determine to what extent it prevailed so far as numbers were concerned. From all the sources to which I could turn and from the observations of discreet agents who canvassed the country, I was satisfied, and so stated, that it was undoubtedly true that out of the total number of establishments in the country at that time, such as factories, mines, etc., about 5 per cent. were absolutely idle during the year ending July 1, 1885, and that perhaps 5 per cent. more were idle a part of the time; or that, for a just estimate,  $7\frac{1}{2}$  per cent. of the whole number of such establishments were idle or equiva-

lent to idle during the year named. Then giving the census of 1880 as to the number of establishments and the number of persons employed, I made use of the following language:

If the percentage stated above is correct, and it is believed to be approximately so, then there were possibly 19,125 establishments idle or equivalent to idle, and 168,750 hands out of employment, so far as such establishments were concerned, during the year considered. The percentage stated, if erroneous at all, is probably too large, because the idle establishments were to a large extent small and poorly equipped. In some industries the percentage of idle establishments would be much greater than the average given, while in other industries the percentage given is much too large. Applying this percentage, however, to the whole number of people employed in all occupations in the United States, which in 1880 was 17,392,099, *there might have been* 1,304,407 out of employment; but this is a number evidently too large, because it applies to all occupations—those engaged in agriculture, professional and personal service, trade and transportation, mechanical and mining industries, and manufactures. The percentage should be applied only to those engaged in agriculture, trade and transportation, mechanical and mining industries, and manufactures. There were engaged in these four branches, as shown by the census of 1880, 13,317,861 persons. Applying the percentage arrived at ( $7\frac{1}{2}$  per cent.), we obtain a total of 998,839 as constituting the best estimate of the possibly unemployed in the United States during the year ending July 1, 1885 (meaning by the unemployed those who, under prosperous times, would be fully employed, and who during the time mentioned were seeking employment), that it has been possible for the Bureau to make. It is probably true that this total (in round numbers 1,000,000), as representing the unemployed at any one time in the United States, is fairly representative, even if the laborers thrown out of employment through the cessation of railroad building be included.

This estimate exhibits the extreme possibility of non-employment at the worst point of the depression, but it should be remembered that even in so-called prosperous times there are from two to two and one-half per cent. of the forces considered out of employment. Prosperity often shifts employment from one class to another.

It will be observed that all that was said in that Report related to the particular year under discussion—that ending July 1, 1885,—and had no reference to continuing or permanent conditions; and yet constantly since then the statement is made from all quarters, by all classes of people, writers and speakers, that according to this Report there are a million

people constantly out of employment, when the statement made was only an estimate, arrived at as carefully as possible, of conditions existing at a certain time. The estimate was very fully backed up by one made by Mr. Edward Atkinson only a few months before my own estimate appeared in the official report referred to. In speaking of speculative railroad building, Mr. Atkinson concluded—and he had abundant evidence on which to base his conclusion—that the railroads built in 1882 must have given work to more than 766,000 men of all classes; that in the building of the greatly reduced mileage of the subsequent year only 250,000 men could have been employed, and that a great army of 516,000 men, which had been employed in all the ramifications of railroad building were thus discharged from railroad work in one year. When it is known that the abandonment of two railroad projects alone resulted in the discharge of nearly 20,000 men, who had been brought from southern Europe for the very purpose of building the roads, the soundness of Mr. Atkinson's conclusion becomes clearly apparent. 516,000 men suddenly thrown out of work means a much larger number of people involved, and if this large number were deprived of employment in one particular line of labor, certainly the estimate that in July, 1885, there "might have been" 1,000,000 men out of employment appears to be sustained. With renewed prosperity subsequent to the year 1885 it is probable that a very large percentage of the number out of employment found employment of some kind. It was not stated in the estimate that the million people were out of employment all the time for the year named, but that at any particular time that number might have been seeking employment. The misuse which has been made of this statement only illustrates the difficulty of securing the correct or honest use of figures.

Take another experience. In the census of Massachusetts for 1885 I made an inquiry relative to the number of months unemployed. The difficulty of securing exact data relative to unemployment is exceedingly great, and the only scientific way to proceed was to reduce the unemployment to



months. The results of this inquiry were published in a single volume, entitled "The Eighteenth Annual Report of the Bureau of Statistics of Labor of the State of Massachusetts." After giving all the details that it was possible to draw from the census returns, it was concluded, as the essential result of the investigation, that out of a total of 816,470 persons employed in gainful occupations in the State of Massachusetts during the year 1885, there were 241,589, or 29.59 per cent. unemployed at their principal occupation on an average of 4.11 months during the census year. The average unemployment for persons engaged in manufactures pure and simple was 3.9 months. In other words, the result of the inquiry showed that about one-third of the total number of persons engaged in remunerative labor were unemployed at their principal occupations for about one-third of the working time.

This statement, it should be remembered, related to the year 1885, a year of industrial depression. The whole question of unemployment was reduced to months, and could not be reduced to individuals. The number of individuals actually out of employment the whole year, according to the census, was very small, it being but 822 persons. Notwithstanding the care with which every figure was stated in the report referred to, the statement has been made again and again that in the State of Massachusetts there are 241,589 persons constantly out of employment, and it has been impossible, through any use of the English language, to prevent the misuse of the actual truth.

Another experience is only amusing in the way in which statements are distorted. In an article in the *New York Tribune*, of Sunday, February 1, 1891, in making some calculations as to the increase of persons of all ages engaged in gainful occupations, and wherein it is stated that such increase is usually greater than the gain in population, I stated, in substance, that, without going into the niceties of mathematical calculation, the estimates mean that there are 460,000 persons added each year to the number engaged in all occupations, and that that number is arrived at not only by the ordinary

process of division over the decade of years, but also by separate calculations based on death rate and on other elements. The statement meant that there would be opened during the present year of 1891, in round numbers, 460,000 opportunities for work or for gainful employment in some way. Then, in considering the number of people or the contingent of population that would supply the number of places stated, I was careful to say that I could arrive only at an approximation of the truth. This approximation was based on the average gain in the population for the last ten years, and by such calculation I was led to the conclusion that the number who would desire to enter the 460,000 vacant places, or the places required to be filled in the ordinary development and increase in all ranks of labor, would be in the vicinity of 500,000, men, women, and children; and I then remarked, "If these calculations are reasonably correct (and I see no possibility of their being very far out of the way), it is probably true that the time has arrived when every person in the United States who desires remunerative employment cannot find it."

Within a week after the publication of this statement I observed editorials upon it in which figures were absolutely distorted. One editor, in treating of the statement, would drop a cipher off the first number, so that it read 46,000 opportunities to be filled by 500,000 people, and he would then wisely draw his conclusions as to the effect of our monetary system or our industrial system in producing so wide a disparity. Another editor preserved the integrity of the first number, 460,000, but added a cipher to the 500,000, making it 5,000,000 people who were to fill 460,000 places; and he would undertake to account for this great disparity through his pet theories of this, that, or the other. One editor finally had it 5,000,000, men, women, and children, to 46,000 places. The curiosity is not excited by the fact that a cipher should have been left off one number here and there and added to the other, but that men competent, or supposed to be competent, to write editorials should not have recognized the dropping or the adding of the cipher.

These incorrect statements, or rather misquotations, are still going the rounds of the press, and not only this, but also attempts to explain why there should be 500,000 men, women, and children from which 460,000 places must be filled; also all sorts of theories relative to trade and other matters have been advanced to account for the disparity.

I did not deem it necessary, in the article referred to, to give my own views on the subject, but, briefly, I think that the disparity is almost entirely the result of over immigration; for formerly in this country labor was scarce and in great demand, and then immigration was right and proper, and it came when needed and helped America to secure the great industrial prominence it enjoys. To-day, however, conditions have changed, and immigration is temporarily doing us some harm. With proper restriction in this direction the time when every person in the United States who desires remunerative employment cannot find it must be far in the future; going on at the present rate, not only is the time arrived, but the margin must grow larger.

These illustrations show how difficult it is, not only to make a statement which shall hold water, but which shall prevent a misuse of it when it is made.

The statistics of the unemployed are meagre and unsatisfactory. It is unfortunate that, while the data were collected in the census of 1880 for the whole country, they could not have been tabulated. The Superintendent of the Eleventh Census has inserted the proper inquiries in the schedule relating to the population, and it is to be hoped that, in the interest of the whole people, careful tabulations will be made showing the amount of unemployment existing in eighteen hundred and ninety.

## The Increase of Paper Currency.

BY MAURICE L. MUHLEMAN.

For several years past, my attention has been attracted to certain phenomena, the full bearing of which upon the currency question of the day has never been thoroughly discussed. I refer to the steady increase of the amount of paper representatives of money in use, and the conditions under which the issues of the great volumes of such currency have taken place. This has not, as might be inferred *a priori*, been confined to the people of countries in which, owing to retarded economic evolution, insecure or defective currency systems exist; that is to say, systems in which the credit of the financial institutions is by reason of insufficient or carelessly guarded reserves of coin and bullion only partially established; the manifestations referred to are perceptible as well in countries whose paper currency has always been at par.

To illustrate this, the table of paper issues (A.), comparing the status at about the close of the year 1880 with that of 1890, is presented. The statistics of the six principal nations of Europe are specifically given, as well as those of the United States, for the purpose of a more detailed examination hereafter. The sources of information have been carefully scrutinized, and in the case of a considerable portion the figures are from the published reports of banks of issue and treasuries. The table also shows, as far as they could be ascertained, the stocks of metals held as reserves against the note issues, as required by legal enactments or otherwise. In a number of cases it has been impossible to obtain separately the amounts of gold and silver respectively, and in these cases the two metals are reported together. The statistics are sufficiently accurate to serve the purpose in view. The table "B" shows, for the decades beginning with 1850, the amount of notes issued in excess of the metallic reserves, the statistics for the first three being from Mulhall's estimates of the currency of the world; those of 1870 and prior years are probably not as

accurate as those for the two following decades, facilities for estimating having been much less in the earlier years. Table "C" presents in concise form the changes which have taken place between 1880 and 1890.

TABLE "A." TOTAL NOTE ISSUES AND METALLIC RESERVES.  
(In Millions of Dollars.)

COUNTRIES.	NOTE ISSUES.		METALLIC RESERVES.			
			1880		1890	
	1880	1890	Gold.	Silver.	Gold.	Silver.
Great Britain,	213	201	158	...	156	...
France,	495	637	113	244	224	248
Germany,	292	355	89	65	145	65
Russia,	805	805	131	1	150	1
Austria,	262	372	26	43	27	85
Italy,	150	292	15	20	52	10
Total,	2217	2662	532	373	754	407
Other Europe,	285	437	139		184	
All Europe,	2502	3099	1044		1345	
United States,	741	1033	107	46	275	334
Other Countries,	610	775	210		305	
In all,	3853	4907	1407		2259	

TABLE "B."  
NOTES ISSUED IN EXCESS OF METALLIC RESERVE.  
(In Millions of Dollars.)

COUNTRIES.	1850	1860	1870	1880	1890
Great Britain,	75	80	60	55	45
France,	15	50	40	138	165
Germany,	10	40	110	138	145
Russia,	155	260	455	673	654
Austria,	90	195	290	193	265
Italy,	...	...	180	115	230
Total,	345	625	1135	1312	1501
Other Europe,	10	40	80	146	253
All Europe,	355	665	1215	1458	1754
United States,	75	125	650	588	424
Other Countries,	30	110	275	400	470
In all,	460	900	2140	2446	2648

TABLE "C." CHANGES DURING DECADE 1880-1890.  
(In Millions of Dollars.)

		1880	1890	Increase.
Six Principal Nations of Europe,	Total Paper,	2217	2662	445
	"Uncovered,"	1312	1501	189
	Reserve,	905	1161	256
	Gold,	532	754	222
	Silver,	373	407	34
All Europe,	Total Paper,	2502	3099	597
	"Uncovered,"	1458	1754	296
	Reserve,	1044	1345	301
United States,	Total Paper,	741	1033	292
	"Uncovered,"	588	424	164*
	Reserve,	153	609	456
	Gold,	107	275	168
	Silver,	46	334	288
The World,	Total Paper,	3853	4907	1054
	"Uncovered,"	2446	2648	202
	Reserve,	1407	2259	852

\*Decrease.

It will be observed that the six leading nations of Europe have increased their paper circulation by 445 million dollars during the period, while for the entire continent the increase was 597 millions; in the United States, the increase was 292 millions, and for the world the estimated volume of paper was in 1890 over 4,900 millions, showing an augmentation of about 1,050 millions during the decade. In only one of the countries named (Great Britain) did a decrease occur; while in every one of those embraced under the head of "other Europe" the amount was larger in 1890 than in 1880.

The *reserves*, as far as they can be analyzed, indicate that, in the principal countries of Europe, the additional note issues have taken place in consequence of an increase in the stock of *gold* held by the issuing banks; the increase of the yellow metal having amounted to 222 millions, while the increase of silver was but 34 million dollars. In the United States, on the other hand, the increase of paper, although largely due to the increase of gold holdings (amounting to 168 millions), has

been caused in a greater degree by the addition of 226 millions to the stock of silver. The additional circulation in all Europe was nearly double the increase in reserves ; and if the same ratio had obtained in the United States, the emission of paper would have been 912 millions, instead of 292 millions.

The notes which may be called purely credit notes, (not being offset by coin or bullion), increased 189 millions for the six specified countries of Europe, and 296 millions for all Europe. The only material decrease is to be found in the United States. Here the withdrawal of large amounts of national bank notes, not directly covered by coin, and the substitution of gold and silver certificates, (chiefly the latter), which are fully covered, has raised the relative condition of the currency of the country in this respect considerably. For the entire world the amount of increase was 201 millions ; showing an increase for all countries, exclusive of the United States, of 365 millions. The increased issue of credit notes, when compared with the periods forty and thirty years ago, is even more marked ; the amount in 1890 being more than  $5\frac{1}{2}$  times as great as that in 1850, and nearly three times as great as that in 1860.

The first important deduction to be drawn from the foregoing statements is, that an apparent tendency exists in the legislation on currency subjects, to permit the use of paper representatives in a much greater degree than ever before ; and that, moreover, the extension of the legal sanction to *credit* money is being viewed without alarm. This tendency is as marked in the conservative countries of Europe as elsewhere ; in fact it is, with the sole exception of Great Britain, apparent in every one of the European States. This brings us to the questions : To what extent will the development of the use of purely credit money progress ? Is not the development thus far an indication of a steady progress toward the eventual use of credit money entirely, at least for the domestic circulation of each nation ?

The amount of credit or "uncovered" notes issued appears to have been about one-half of the total volume of

paper money; in other words, for each one thousand dollars of metallic money or bullion received during the period, about two thousand dollars of notes have been issued. This appears to have been an increase over the preceding decade, when only about 1,700 dollars in notes were issued for each one thousand dollars of metal. If then, the note-issuing institutions continue to emit for each dollar of metal two or more of paper (a course which recent banking legislation appears to foster), the demand for increased circulating media, apparently made necessary by increased population and trade, will be fully met.

A very notable exception to this course or current of legislation is found in the United States. Here the facilities for the issue of credit or uncovered money have been abridged. For, whereas the banking institutions with note-issuing powers have been encouraged elsewhere, there exists a decided tendency to discourage such institutions here. So that the recent silver legislation (of 1878 and 1890) has been rather beneficial in supplying a supplementary circulating medium, to fill the vacuum anticipated from the rapid retirement of bank circulation; and it was this demand for circulation which averted the evil consequences prophesied when the silver law of 1878 was enacted.

We are now brought to the second important consideration. If it be admitted (and it may perhaps be assumed that it is), that the supply of gold is not sufficient to meet the demand for currency purposes, the financial policy which provides the people of Europe with a large volume of paper substitutes, obviates the need of finding a supplementary medium in silver. The requirements being thus met by the use of paper, the necessity for the remonetization of silver by the European nations is postponed, and may possibly be done away with altogether. These considerations would in great measure account for the fact, that in England alone of the gold mono-metallic countries, the agitation for a supplementary silver currency, (or paper based thereon), continues, and has received more respectful attention of late from the Chancellor of the Exchequer, Mr. Goschen; for in England alone has there been a decrease in



the paper circulating media, both in the total issue of paper and in the purely credit notes in use.

Suggestions appear on the surface, furthermore, that the volume of paper issues in continental Europe is to be maintained, if not further increased. No explanation which fully satisfies the inquiring mind has been given for the extensive importation of gold from the United States into England, France and Germany during the Spring and Summer of 1891. That it was not a profitable transaction to carry 74 millions of gold across the Atlantic between March and July and return the greater part of it in the Fall, seems clear. The cost of transfer and the interest both ways appears to have been borne by the Europeans. Why were they willing to do so? True, it is said that the prospective deficiency in the crops in Europe gave reason for the belief that large exportations of the yellow metal would be required to pay for the grain of America; but the stock of gold in the banks of France and Germany was not at low ebb; for the institutions of both countries had gained largely in the preceding decade. May not perhaps the underlying reason for this expensive transfer be found in the desire to maintain at any cost the large volume of paper which had been satisfactorily floated? That the temporary influx of gold served this purpose to a certain extent, is apparent; the other reasons given thus far do not fully account for the transaction. It is known, in fact, that in Great Britain the movement to strengthen the bank reserves was undertaken upon the recommendation of prominent financial authorities. Whether this purpose has been accomplished, to the desired extent, remains to be seen.

In conclusion, attention should be directed to the fact that, although the use of paper money prevails more extensively in the United States, where a large portion of the issues is in notes of \$20 and under, the constant tendency since 1870, (but more particularly since the redemption of specie payments in 1879), has been against the use of "uncovered" notes. The employment of *modified* credit money has been fostered; the issue of absolute credit notes has been diminished.

## Machinery.

Men are ignorant of their greatest benefactors. They are constantly ascribing their progress to things outworn and stale, and as frequently overlooking new causes which have produced the new effects. They are frequently ascribing to great general forces results which are the product of special causes regarded as insignificant. So that we hear of civilization as the result of a Church notwithstanding the dark ages under it, or the result of republican government notwithstanding the downfall of Athens and Rome under that political form, as the work of great personalities notwithstanding the race has often advanced without great leaders and often retrograded with them. The renaissance movement is laid to the destruction of Constantinople and the consequent flight of a bevy of Greeks to Italy; as if Italy had no Greek books before, and as if those Greeks at home had ever done anything worth while.

It is because of such hasty reasoning and such carelessness of observation that we have histories of civilization written without reference to its most serious causes, and the tales of Egypt, Greece and Rome made into a story of dynasties, wars, conquests, laws and brilliant personages, while the underlying causes of every thing are unnoticed. But it is very evident when one comes to consider the matter that the fluctuations to and fro of Asiatic Monarchies, Chaldean, Babylonian, Persian, like those of ocean waves, signified nothing to the permanent advance of the human race. It is also clear that Egyptian Courts with all their splendor failed to establish a permanent elevation of the Egyptians. Of Greece the same may be truthfully said, since Athens was remarkable scarcely more than a century. And Rome with all her conquests failed to extend civilization, even of her very imperfect type, far beyond a narrow circle of Italian cities. All these praised centers of refinement and wisdom were unable to be more than as a rush light in a large room, to the circumjacent world.

Authors are fond of picturing this rush light as a torch handed along from nation to nation down the ages. They write histories of civilization based upon this fancy, and have no better account of it to give than would suffice for the romantic links of a play, or a novel of sentiment. One rises from their pages feeling that the advance of mankind has been the most desultory, interrupted, hap-hazard affair imaginable, and that as one often thinks of a boy's growing up to maturity in spite of his reckless self-exposures, it is a wonder that man has ever risen at all. And in this ignorance he falls back upon fate or Providence or the nature of things as the one sufficient cause of man's advance—in other words he gives up looking for active special causes as fruitless. The trouble is that researches into the matter have nearly all followed ideal lines, and looked for causes among moralities and abstract principles and intellectual forces, none of which could possibly act till man had already made enormous progress from his early brute estate, and which therefore could not possibly be the tap root of his growth.

As for ourselves, we are content to explore far lower matters in search of the true trail. And referring back to the simplest human condition, we find that the first step upward, to a new species above the animal, must have been made by that creature which first began to use a tool and so to increase the scope and range of his power. Archæology distinguishes primitive ages according to the tools used, into stone, bronze and iron, thereby accidentally hitting on the distinguishing feature of each—*faute de mieux*. But among animals, the first animal that learned to use a club would evidently have as distinct an advantage over his comrades, as a policeman of to-day has over the harmless bystander whom he beats for looking on. He who turned the club into a spear gained another advantage, and he who made a bow and arrow a third. Whoever thought of using fire lent additional progress, and he who first scratched the earth and planted seeds took a step of immense importance. The authors of all these things are lost in the darkness of oblivion, as are also the inventors of the plough, of cooking, of weaving, of pottery, of smelting iron, of lan-

guage—in fact of all the fundamental arts of life on which civilization is as completely dependent as it is upon rain and sunshine.

But all these things must have been long antecedent to any moral principles, or feeling for virtue in anybody. Here then we have the key of progress—the means of all human advance: It begins in tools, it goes on to machinery. Strip a man of tools and put him in a tropic forest and leave him there; he would sink or swim not according to his faith, and not according to his principles, but according to his capacity to invent tools to protect himself from wild beasts and to get a living. The naked man solitary and toolless in the midst of a wild wood were indeed a creature of whom little principle or virtue or religion could be expected, but he must have tools if he will outstrip the other beasts of the field. Therefore what we need for a true history of civilization is not the names of Egyptian dynasties, not the histories of Peloponnesian wars, not the speculations of Plato, not the conquests of Rome, nor the Crusades, nor whether Charlemagne conquered his neighbors, nor whether Crescent or Cross was victorious at Belgrade, but the history of tools and machines. These are what has kept civilization going, when devastating wars have swept the fields and burnt the houses and ruined the estates of nations. So long as there were left men with tools in their hands, and knowledge how to use them, a civilization could not be ruined. Its progress might be checked, but it could not itself perish.

What is true of earliest ages is true also later. The noisiest and most considered events are usually of the least moment, the important things are less regarded. The inventor of the printing press did more to change the face of Europe permanently than did Martin Luther; the inventor of gunpowder more than did Charles V. or Oliver Cromwell and got less honor for it. Napoleon swept over the fields of Europe in such a storm as drew all men's attention and most men's admiration, but even he had not mind enough to appreciate the importance of the invention of the steam engine, which he saw and rejected. But who would say that all of Napoleon's work

would for a moment compare with that of a single steam engine throbbing out its power to spin cotton or run cars? In truth the modern world is a steam engine and its effects, and nothing more. Take it away and we should have the prior centuries restored—the stage-coach, the hand printing-press, the sailing ship, the little water-wheel factory, progress arrested, civilization retrograding, life narrowed, till the liberal and the millionaire would both be relegated to the non-existence which the socialist and the nationalist wish for them. But with that would also come what these radical reformers do not so much desire,—a retrogression of the commons to their hand-labor or 17th century condition, with poverty set in to such a degree as would make the present tenement house look luxurious, and lighted streets a wonder.

Of course this is commonplace to the extent that everybody knows that steam and electric machinery is a great addition to the resources of life in our century. But that is not it. Our point is, that these not only are a great addition to life but are the direct and indispensable condition, the *vera causa* of all our rapid progress, and that without these we should inevitably relapse into something very like the condition of the last century, whether we wished it or not. For without these the daily press could no longer throw off and circulate its immense edition of newspapers every morning with events up to date. Without these, business could not be exchanged between New York and Chicago in less than a week. Without these, the extremes of our republic could not be in such close communication as to make New Orleans and Oregon daily speaking-acquaintances of New York. Without these, shoes and cloth could not be made so abundantly as to keep us all comfortably clad. Without these, so many hands would be needed to raise grain and spin cloth that the higher occupations now in use would become too costly for prosecution. And so we should get, by an easy and unavoidable retrogression, provincial minds, limited intelligence, narrowed sympathies, concentration on small ideas and local interests and the whole moral and intellectual outfit of past generations. Our machinery gives us

release from the need of horses for travel, release from the use of sails for ships. In an age of steam-printed books you could not have one little pamphlet like Edwards on the Will tyrannizing over a whole community; nor Cotton Mather's lucubrations on witches, inciting a persecution against old men and young women and harmless girls of seven years of age. The number of books and papers flying abroad like flocks of sparrows prevents these hawks and owls from desolating the dove-cots of communities. So that when squarely confronted with the ultimate facts, we find that it is steam and electric machinery which abolished slavery, preserved our Union, make our vast republic possible with its differing interests, and are spreading republican aspirations through the kingdoms of Europe.

But what is true of steam and electric machinery in our day was always true of every age, namely, that its tools determined its character, resources, the direction and extent of its progress, its tolerance of thought, its moral elevation, its humanity and its culture. And more particularly we may say that each science owes its own advance to the use of new mechanical devices, machines for its prosecution. Without the improved telescope, astronomy would have made little further progress. Without the spectroscope, still less. Chemistry gets on by improved methods of analysis. The microscope added a new world of knowledge to our researches. Surgery advances by new instruments. Sanitation is one perpetual suggestion of new devices. Even music commands its increasing interest by new musical invention, and within recent years the perfecting of the piano has lent to it a universal acceptance beyond anything formerly known.

Two branches of pursuit we have among us in which the machinery has been improved little or none; those are the church and the law, both of which remain mostly in the feudal or dark age condition to the infinite loss of both, and the infinite confusion of those parts of our civilization which are involved in them. The church is striving indeed, and will soon get up within speaking distance of modern thought; but the law being in the hands of classicists and men who know

little of modern business, and who are in consequence perfectly conceited, will long lag astern to the loss and vexation of an entangled community. But the rest of the world being already caught without conscious intention in the wheels of improving machineries, will speed along at an ever increasing pace towards a better condition.

What we have then to do in any direction wherein we wish for improvement is to improve the machinery of that department of life. We do but waste our time in setting up ideals and preaching reforms without inventing machinery to effect our purpose. Until that is done nothing is done. Reformers may reform, and world-straighteners advocate on any platform; all will be as ineffectual as was St. Paul's chapter on charity among the Grand Inquisitors, until a machinery be devised for effecting their purposes. It seems likely that the blanket ballot will do more to purify politics than all the sermons and editorials on that subject since Washington's day. And what is needed in all political departments is not so much better men to administer, as better machineries of administration. They alone do anything substantial who devote themselves to devices by which practical administration is made more systematic, easy and certain. What we need is not a better street-commissioner but a better street-cleaning system. What we need to supplant Tammany Hall is a better organization as fully devoted to politics as Tammany is, but with better devices for governing well. And meanwhile existing organizations will laugh at denunciation and reformers and the public press as they have always. And so long as the machinery remains unchanged, saloons will continue to be stronger than churches, as Governor Hill so cynically observed. And the only thing which will "improve the moral tone" as so long desired, will be new instruments to effect the objects of attainment in a better fashion.

This leads to the conclusion that the greatest benefactors of our race are and always have been the inventors. It is they who deserve the statues, the songs, the long chapters of history, the monuments in Time's Westminster, the fervid funeral

corteges and orations on their natal days. But so far are they from this, that, excepting Prometheus the discoverer of the uses of fire, no name of an inventor in all antiquity has survived the wash of time which has floated down to us Achilles and Hector, Pharoah and Zoroaster and all the long list of unworthies whose sum total of loan to human benefit would be represented in a series of figures preceded by a decimal point. But the inventor of the plough started men onward more than did Alexander the Great. The inventor of the boat and he who raised the first sail conferred benefits such as neither Nimrod nor Homer nor Cæsar were able to give. We praise the greatness of Washington, but Fulton's steamboat had more momentous consequences in its train. A Republic is something, but Switzerland was long a Republic without inventing steamers, whereas steamers will make a Republican world in two centuries more. The most important men of our time then are not our political and religious leaders, not our poets, musicians and journalists, but they are our inventors, who are adding machineries to life, by which our ends can be reached more rapidly and certainly. Edison and his genius are doing the work which will last and help to raise the masses. If the Socialists who now meet together and resolve on this and that measure could rather invent some Keely motor which would work, all their better desires would be accomplished in half a generation. Machines of unlimited power and speed would make property so abundant that no one would need to work more than eight hours, and for that each would get an ample and luxurious livelihood. What they require is more invention, not more politics.

What is true of socialists is true also of the opposite pole of the political arc—Russia. What Russia needs is more machines, not more land nor anarchism. If the Czar had turned his bayonets into spindles, or shovels for railway building, his subjects would not now be struggling with the deadly emergencies of famine. If instead of looking for more land in India, he would stimulate production in the land he has, there



would be no danger to him in his own streets and behind his soldiers' bayonets.

Let us then devote ourselves to improving machinery in every department of life wherein we desire reform. In politics, in law, in letters, in art, science, and society we may well give up our vague and fervid declamations, and devote our extra nervous energy to thinking out measures and devices which will make the desired improvements practicable. As things are, we labor and talk and denounce existing evils, we all agree that things are not as they should be, we weep or lament over the corruption or wretchedness of affairs, but still the evils remain, old miseries repeat themselves, vice continues, poverty will not stay abolished, men will believe falsehoods and society go on the wrong scent. The reason of all this is not because men are evilly disposed, but because the machinery for producing better conditions, and turning ideas into facts is devised by none of our progressive reformers. It is as difficult to invent a machinery which will spin the invisible thread of public wishes into the visible cloth of public virtue, as it was to make a loom able to turn raw cotton into smooth and useful cloth. But once the device is found, society will turn out virtue by the million yards as easily as it now makes enough for a few well constituted individuals. We are still all of us devoted to hand-labor methods in the management of great affairs, and expect by declamation to effect what only great public measures and new social arrangements can accomplish—the rectification of existing ills, and the production of general excellence.

Larger production and consumption, more practical education for the young, new methods in law, new purposes in the church, more pleasures in practical life, a new attitude towards novelty,—all these will be a part of our improved machineries, and out of these will be realized the text which says,—“Behold I make all things new.”

## Corporations in Political Economy.

BY WILBUR ALDRICH.

One of the provinces of the rightful domain of political economy is now occupied by another science ; and so long as corporations are within the domain of the law rather than in that of economics, the boundaries of the latter science will not be scientific, or the rest of its territories harmoniously related.

To estimate the loss of economy while this province remains unconquered, we have only to consider how important a place corporations have in the acknowledged economical department of production. We are probably within limits to say that corporate production seems to be equal to the amount of all other production, even at the present moment, while its proportion is enormously increasing and that of individuals is decreasing.

And production is one of the two great co-ordinated provinces of economical science, the other being consumption. It has even been said with some degree of plausibility, that political economy is but the science of production, consumption being but the reverse aspect of the same operation. I have heard it said that the consumer has been the forgotten man in economical science. He certainly has been sadly neglected, much to the disadvantage of sound economical thinking. With what surprise then must we contemplate the fact, that even in production, economists still allow the lawyers full scope and a free field in the handling of that new factor in production, which almost assuredly is to become the principal, and even the sole producer. Can we believe that economics can be complete and perfect without the study of corporations ?

Let us consider what re-adjustments of doctrine must take place upon the advent of the new factor in the industrial problem. In the first place, corporations never pay rent. The land they need is stocked up and becomes part of the capital of the company. If the corporation is for manufacturing, the stock represents mostly plant, land and buildings. And the

land is almost never leased ; it is contrary to the genius of corporations. If the corporation is mining, the mines were bought by an issue of the bulk of the stock of the concern. Only individuals pay a royalty upon the amount of ore raised. If it is a transportation company, the stock represents land, road-bed and rolling stock, or ships, as the case may be. But there may be bonds, and in the case of transportation companies they are frequently given for a large part of the money borrowed.

Now what is stock ? It represents capital put into the business. And what are bonds ? They are notes for money borrowed to use in the business. Both stock and bonds represent capital rather than land, economically speaking. And their products are interest and profits, and not rent. So far then as corporations are concerned, rent is eliminated. Furthermore, the corporate distributions upon stock no longer keep up the distinction between interest and profits. They are lumped in dividends, while upon bonds there is nothing except interest given. But there is no real distinction between stock and bonds in what they economically represent. And some corporations issue stock for borrowed money or capital almost exclusively, like the New York Central Railroad, while others issue more bonds than stock. And lately bonds are voted upon as well as stock, so as practically to obliterate the apparent difference between them.

In well-conducted corporations, dividends become regular, like interest, and tend to become assimilated to interest in amount. If the dividends are regularly declared at a rate higher than the regular rate of interest, the price of the stock rises so as to make the income on the stock of a purchaser just equal to the interest he would receive upon any other equally safe investment. Indeed, the putting of money into a corporation either upon its stock or bonds is really an investment. And the proceeds of this investment are interest. The real nature, therefore, of corporate distribution is interest—rent on capital.

But are profits eliminated from the distribution of corpo-

rations—from the payments on account of their production? They are of course, so far as we consider them in the economical sense as the rewards of an entrepreneur. Corporations are not in any sense entrepreneurs. They have no personal business qualities enabling them to command other people's capital, except as their servants are good and faithful. But the corporation is not like an entrepreneur, a sagacious hirer and manager of servants. The corporation is itself served only by servants. So far as corporations are concerned, the entrepreneur has been forced into the laboring classes and takes a salary from the corporation. Except he is a stockholder, the able manager of a corporation gets nothing but his salary. And the modern tendency is strongly against the large stock-holder management of corporations. Indeed, corporations with majority stock-holders who participate in the management are beginning to be looked upon as unsafe. Witness the Gould corporations, while such a corporation as the Pennsylvania Railroad distinctly improves in public estimation as each year lengthens the period since it was Tom Scott's railroad. As the Vanderbilt roads outgrow the Vanderbilts they become solid. And as soon as the public are aware that Jay Gould owns but a minority of the stock of the Western Union, or Missouri Pacific, or Union Pacific, so soon does confidence in those properties return.

Therefore the real entrepreneur, or he who has taken his place, is to be found in the ranks of labor, the only distinction being that he receives a salary while the rest receive wages. But it has never been doubted that there was no economical distinction between salaries and wages. There is nothing but a difference in amount, graduated according to the value of service rendered. The conclusion is that corporations can really distribute nothing but interest and wages. If they, as in practice they frequently do, render to the owners of their stock more than interest according to market rates, it is beginning to be looked upon as exceptional and quite irregular practice, usually stock-watering. And why indeed should an investor in a stock upon the basis of its interest-bearing capac-

ity be presented with profits? He did not earn them and had nothing to do with earning them. The officers (managers—entrepreneurs) and the employes (laborers) by their prudence, skill and industry made the extra dividend—the profits if you please.

Then why should this extra dividend not be distributed among those who made it? The law now in charge of the subject sometimes says there shall be no dividends declared above a certain per cent., while the rest shall go to the State. It is well understood, however, that this fulmination is inoperative.

But if economy teaches the men—the officers and employers—that this extra money, this profit, belongs to them, why shall they not resolve to take their own? But the conservative will say there are seldom extra dividends, and the game is not worth the candle. But if what few there are, and however small, belong of right to the men, rights are precious and of inestimable value, and should be carefully conserved. And if the incidence of these scattering proceeds is corrected, and they go to reward directly the human efforts which produced them, may we not expect they will multiply exceedingly? Probably. Still, no corporation's share-holders would give up these chances of making their illegitimate gains, and they cannot be forced to do so. But what if the men should strike for their newly-discovered rights? A strike by the officers and men would be a far different thing from a mere strike of laborers. And just in proportion as an officer was valued and valuable would his interest in such a strike increase. The ten thousand dollar officer of such a company would get twenty times as much out of a distribution to labor according to salary as would the clerk or laborer at ten dollars per week. And if he had been correctly evaluated by the company, that would be his fair share.

Another way; the law might command that corporate earnings above a fair rate of interest upon legitimate capital should be distributed to the wage-earners, according to their earnings. This, however, as economists, we might well place

little reliance in as a means of economical advancement. And more than likely most economists would say, Having the fact, rest. But science is prevision, according to Spencer, and foreseeing is, or should be, fore-arming, so as to act according to the light of science and experience.

New corporations could certainly start out right and determine in advance that their distribution should be scientific. New corporations do not create themselves, but are arranged by promoters, mostly men who expect to take part in the management after organization, and the new distribution would be to their interest. But capitalists would not enlist, it is objected. They would, however, if they could be convinced that they would receive interest on their money. That is all pure capitalists expect. They desire no place in the management of business. There is plenty of capital to be obtained upon this basis. And capitalists of this class should know that the interest of the managers and men being directly involved in always making the company gain more than their interest, would be an insurance of its regular payment.

Yet such is not the fashion in the commercial world, and capital is timid and capitalists conservative. There is however in the domain of economic production a large field yet uncultivated by corporations. And the conditions to be encountered by the corporations in entering it, as they inevitably will, are different from those governing in the present domain of the modern capitalist. In agriculture there are comparatively few capitalists, and comparatively few laborers. And if the farmers themselves stock up their farms with tools and live stock, and form the corporations which are in the future to undertake the cultivation of the soil, this scientific distribution to interest and wages would be to them most attractive. They would mostly be small stock-holders as well as laborers. But the interest of the vast majority would be rather in their wages than in their dividends. If the average farmer put in \$1,000, his dividends, even at a high dividing rate, could be but \$60 or \$80, while at a price interest basis, it would be say \$50. But his wages would be at least \$200 and found, and

their oscillations would be as ten to one greater than those of his possible dividends. It would only be the farmer whose stock amounted to \$10,000 whose interest in his dividends would equal that in his labor at ordinary rates. And those farmers who had the most to put in would be the most capable managers, and therefore they would be the ones selected for officers. And then again their interest in their salaries would jump ahead of that in their dividends. And further the interest of all farmers alike would be in favor of the wage distribution as against the outside capitalists who might come in to simply invest their money, which might be millions to individual farmers' thousands.

So if farmers go into corporations it is more than likely that they would adopt, if they knew of it, the only really businesslike method of dividing their profits or earnings as producers. And there is every reason to believe farmers are ripe to incorporate themselves for businesslike production as soon as anyone can get voice loud enough to carry the subject to their ears. The economists should certainly devote their attention to this matter.

But I hear a further objection that by the method of corporate government capital alone controls, and even among your farmers, those having the most stock and the correspondingly greater and perhaps increasing weight in the elections of directors, would soon tend to lead their corporation towards reducing wages and increasing interest, as has been the tendency of capitalists since the world began.

But right here the farmers would be the ones who would find a way to avoid such consequences. They would say, Vote by personal suffrage of the combined stock-holders and laborers alike; for are they not all laborers? And are they not all liable to be outvoted by the simple capitalist, who knows nothing about agriculture? They have, in the northern part of this country especially, conducted the quite varied business of the different towns by personal suffrage, and with a fair measure of success. And it would but be in the line with their sentiments and inclinations to carry democracy into

their business corporations. If there is one thing above another the farmers in town meetings are jealous of, it is the village capitalist, and it would be the same in their farmers' corporations.

Here however we meet the objection: Conduct your business upon the town meeting plan? That would never do. But why? The corporate meetings are only to choose directors who shall be governed by a general policy in accordance with the wishes of the majority of those interested in each of the two directions of interest and wages. The corporate meeting, or town meeting, if you please, would have no direct hand in the corporate management any more than it ever did in the mending of the roads or in the conduct of the recitations in the schools. It would not even vote directly upon distinct policies, as is now done, upon such questions as whether the roads shall be repaired by a general turn-out, or by a superintendent with a road machine and a crew hired by the year, the method now being adopted. The farmers' corporations would vote for their officers in a different manner, but the officers would be the corporation executively considered, as they are in present corporations. It is by a confusion of ideas only, that one could urge that corporations with personal suffrage and profit-sharing dividends would not work much the same as present corporations. These changes would not in the least affect the ordinary every-day work of the companies. The administrative operation of companies, which has so successfully fitted into the requirements of modern production, would not be changed on account of the new legislative alterations. Even the executives would be the same in nature, and mostly the same individuals would be elected, in the one case as in the other. It might very legitimately be urged that these changes would facilitate the administration, and make it more effectual, by improving and interesting all ranks of those exercising the powers of administration. Neither change could in any pernicious manner interfere with the daily operations of making cloth, shoes, hardware; and shall we say by anticipation, corn, cotton, or cattle? The Post Office is run



under a republic or monarchy upon much the same business principles. Republican corporations would only have advantages over all others.

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As if to confirm the maxim that "All roads lead to Rome," Mr. Aldrich appears to be seeking a new route to socialism. He begins with the study of corporations, which he evidently regards as a new class of industrial phenomena whose existence changes the economic constitution of things. By a process of reasoning entirely his own, Mr. Aldrich thinks he finds in corporate production three important changes in economic distribution: (1) That rent is eliminated. (2) That distribution to capital is limited to interest. (3) That profits belong to laborers and not to capital.

(1) The first point rests upon the assumption that because corporations generally own the land they use, and hence do not have to pay rent, "*so far as corporations are concerned rent is eliminated.*" Is this not equally true of capital? If rent is eliminated when corporations own their land, is not interest also eliminated when they own their capital? Yet to Mr. Aldrich interest is a permanent economic element. Nor is there anything peculiar to corporations in all this. If corporate ownership and use of land and capital eliminates rent and interest, then individual ownership and use must do the same.

The error in this reasoning is clearly due to a misconception of the economic nature of rent. Mr. Aldrich appears to think of rent as existing only when one party pays a specific amount to another for the use of land; which is quite erroneous. The different utility of different pieces of land contributing to the supply of the same market gives rise to a surplus from the superior land, which is rent in economics. Such surplus no more depends upon the individual, corporate or government ownership of the land than the size of a pint mug depends upon its ownership. If pieces of land possess different degrees of productive utility, the superior piece will yield a surplus over the inferior, and that surplus will exist

just the same, whoever may own the land. The only difference between not owning it and owning it is, that in the former case the surplus will have to be paid to the owner, and in the latter case it will be retained by the user, but solely because the user is the owner. And whether the owner is a private individual, corporation, or the government, has and can have nothing to do with it as an economic problem. There is therefore no real economic basis for a claim that "so far as corporations are concerned rent is eliminated."

(2) Mr. Aldrich's second point that "the real nature of corporate distributions is interest—rent on capital," is open to the same objections as the first, because it rests upon the same general error, namely, a misconception of the economic nature of interest. He appears to entertain the erroneous notion of General Walker, that there is some economic difference between rent, interest and profits, whereas the truth is they are all essentially the same. They are simply different portions of the same surplus, produced and distributed in the same way. The only difference between them is, that when the surplus is divided among different people it is called by different names, as rent, interest, and profit. Rent is simply the name of that part of the surplus which goes to the owner of the land, and it goes to him all the same whether he uses the land himself or allows another to use it. Interest is simply another portion of this surplus and goes to the owner of capital, and whether it is owned by a private individual, a corporation or a government, will make no difference whatever. The surplus will go to those who own the capital. The mere fact that an industry is conducted by a corporate body has absolutely nothing to do with the economic distribution of the surplus. In any case, if the enterprise be untrammelled by legislation, the surplus will go to the owner of that part of the capital which created it. If it was created by the superior quality of the land, it will go to the land owner as rent; if by the superior quality of machineries, it will go to the man who furnishes the machinery, that is the capitalist; if by the superior skill of management it will go to the entrepreneur. The first will be called rent, the

second interest, and the last profit, but the difference in name in no way changes the fact.

On the other hand, if the land, machinery and management were all centered in the same person, neither rent nor interest would be paid; but the surplus would exist just the same, but it would all remain in the hands of the entrepreneur as profit, simply because he was land-owner, capitalist and manager all in one. Clearly then, there is no more warrant for saying "the real nature of corporate distribution is interest," than there is for saying it is rent or profit.

(3) The third point Mr. Aldrich tries to make is that profits belong to laborers, including of course salaried officers. His reason for this is that in the evolution of corporations all parties rendering service are differentiated into wage and salary receivers; in other words, the real entrepreneur who heretofore paid wages, rent and interest, and took the undivided remainder as profits and suffered loss if there was a deficit, has passed into the ranks of labor and receives a definite income as salary. He thinks he sees in this the departure of the entrepreneur, and that therefore there is no longer any legitimate claimant for the profit which belonged to the entrepreneur; and he concludes that since the entrepreneur has been relegated to the ranks of labor, the income—profit—he used to receive should go with him. He says: "The officers (managers and entrepreneurs) and the employees (laborers) by their prudence, skill and industry made the extra dividend—profits if you please. Then why should this extra dividend not be distributed among those who made it?" And he adds: "This profit belongs to them; why shall they not resolve to take their own?" Having made this point, he has no difficulty in steering safely into the socialistic fold. But does he make this turn legitimately? Is it true that the entrepreneur disappears with the advent of corporations? We think not. It is indeed true that a certain class of entrepreneurs become salary receivers, but they do so because in the evolution of industry a superior class of entrepreneurs appear, and they become salary receivers because they can do better "in the ranks of

labor" than as entrepreneurs. But entrepreneurs do not depart when this takes place, but a more powerful kind of entrepreneurs arise, who operate nearly all corporations themselves. This is what Mr. Aldrich does not see. Assuming all the responsibility of owners, they pay wages and salaries. If they own the land it is by an investment of capital, and they pay interest for whatever capital they use belonging to others. In all this they occupy the entrepreneur's position. Like him, they suffer the loss if there is any, and if there is a surplus greater than covers rent and interest, it is theirs as profit.

And Mr. Aldrich is further mistaken in supposing that profits are entirely due to the efforts of laborers and officers. On the contrary, exceptional profits are very generally due to the possession of superior machineries and other facilities which capital procures, and not to any special skill or energy of the laborers or officers. Nothing could be further from the mark than to suppose that corporations eliminate the entrepreneur element from industrial enterprise. Never was there so much industry undertaken by those who do not own the capital as under the regime of corporations. Organizers of corporations are peculiarly an entrepreneur class. They inaugurate the enterprise, assume all the responsibility of paying wages and salaries, taxes, insurance, rent, interest on bonds or other borrowed capital, and if the surplus is not sufficient to cover these they are losers to the extent of their entire principal; and of course if the surplus is more than adequate to meet these fixed charges it goes to them as profit, as it should.

Mr. Aldrich is mistaken, then, in thinking that he has found a truly economic road to socialism. It is true he gets there but he does so only by disregarding the lessons of industrial evolution and the laws of economic science, at every parting of the ways.

## “Justice,” by Herbert Spencer.

Any work by Mr. Spencer is sure of wide and laudatory notice, and “Justice,” his latest work, has been received with a chorus of plaudits calculated to make any author proud. The praise has been rather indiscriminate, as indeed it usually is when a man writes on a subject relating to morals and finds that morality is a good thing, since it is curiously true that the human race is always ready to treat that platitude as if it were a new discovery capable of as much development as a new motor or the use of a new fuel. But passing that, we wish to bring into question the whole basis of Mr. Spencer’s exposition, as being at variance with reality and therefore not able to stand the wear and tear of practical affairs. Mr. Spencer is indeed a crucial example of the difficulty which a man experiences in surpassing his youthful environment. He was brought up in metaphysics, and in spite of the widest reading of science, metaphysical he has remained to a considerable degree. In this respect he forms a marked contrast to Darwin, who dealt in practical science and so formed a mental habit far sounder than his great contemporary. Therefore Mr. Spencer publishes this book on “Justice” with a learned show of science in his foundations, and comes out in a metaphysical theory like any schoolman—and is content therewith, contenting also his followers as well. And so we have his book explaining *the nature* of justice, and making that the basis of his treatise, instead of a consideration of society and of what society makes justice to be. To him, as to a modern Duns Scotus, justice exists in the nature of ideas rather than as the perpetual interaction of social forces.

When therefore Mr. Spencer defines justice to be the reception by the individual “of the benefits and evils of his own nature and consequent conduct,” we perceive at once that we have to do with a scholastic definition. And when he carries the idea of this definition into the animal world in “sub-human justice,” to show its application there, we see that nothing is

explained: justice is still equality, fairness, about what we think right, and all the rest of it, as of course it is.

But real and actual justice is after all not that a man should get the proper "results of his nature and conduct," as that would imply that a man got justice when he liked to go to sea, actually went to sea, was overtaken by a storm and drowned, to call which justice is absurd. But real justice is rather, as we said, a social matter, and is rooted in the exchange of economic equivalents. Justice is done when a man gets the exact equivalent of what he gives in the relations of life, and it is nothing else. His nature and conduct have much to do with what he gets and gives, but justice has only to do with the equivalence of the exchange. And this justice is always being done, though imperfectly and not universally of course, because it is the self-interest of each person to see that he gets such an equivalent, and when he fails to get it, to cry out or resent the inequity of the deal. And the better men understand the value of their equivalents the more justice will prevail. Justice is therefore the outcome of egoism, pure and simple, and has everybody for its watchdog on his own account, and therefore is maintained in society constantly. It is born of self-interest, maintained by self-interest, and enlarged by self-interest through the whole progress of civilization. The State itself with all its principles, courts, police and administration is nothing but a machinery to insure the exchange of equivalents of conduct between individuals and masses of mankind, and where this is done all is done, because all are satisfied with that.

Nor is there in justice or ethics any two such opposing principles as those which Mr. Spencer, with so many others, calls egotistic and altruistic. The love of self is not the contradictory nor even the contrary of love of others. The love of self is rather the base and ground of the love for others, and carries such altruism along with it as the necessary extension of its own desires and impulses. A philanthropist no more loves the good of mankind without reference to the pleasure, intellectual and moral, which such wide-minded gen-

erosity gives him, than he loves his dinner without reference to the physical refreshment it gives to his members. The altruistic development of society is really an extension of the egoism of its individuals, and is their embrace of a larger number of relations,—a wider circle of persons, a more generous circuit of ideas, as capable of conferring more pleasure on those individuals who entertain them than a narrower relation would give. Develop the individual and you develop his nature to the point where it is able to like and make such relations; and therefore all altruism has its interests bound up in making individuals as large as possible, increasing and intensifying their individuality as the only chance of getting it to embrace considerations wide enough to enjoy and help the whole wide world.

Mr. Spencer's labored and scholastic adjustments of an egoism which concerns itself with the preservation of the individual, and an altruism which concerns itself with the preservation of their respective races by the sacrifice of the individual, is therefore as baseless as it is awkward.

For it takes but a word to say that the extension of egoism in animals leads them to see, that the best chance for each individual to survive is in an exchange of the equivalents of defense, and if they do not see that, they perish in their ignorance and disappear. So the extension of egoism to the point of taking a special interest in offspring, and feeling a deep gratification in their presence—a love so deep that the parent enjoys the choice of dying in their defense rather than to lose the deep pleasure of that presence—is still egoism extended, and an exchange of the equivalent of love for life. The intensification of this feeling preserved best the races which felt it most, and gave them an advantage in the struggle for existence which tended to develop the impulse still more until it became the frenzy which we see. But there was no reversal of egoism in it all, and nothing mysterious in its growth, since it is the same with the pleasure which an organization has in that *foreign* substance called its food. To take an interest in things outside of one's self begins in the love of food, goes on

to other things which add to one's enjoyment for the same reason, because they extend the pleasures of life, and at last enlarges to the bounds of the universe and of the human race. From which it follows that individuals no more exist for the race among lower animals than among men. The notion that they do is indeed quite unworkable in evolution, where only the benefit of an individual is capable of persisting enough to be transmitted to a race.

In our view then, justice would by no means be that little and rather impossible matter which Mr. Spencer defines as looking to see "that each individual receive the benefits and evils of his own nature and consequent conduct," but justice is always a social matter of equitable exchanges, and the degree of it at any time prevailing depends upon the amount of development which the egoism of the individual may have received at that time and in that society. In poor and sparse communities it will be small, mean and narrow; in large and crowded societies it will put on the proportions of sovereignty and large-mindedness, till in the best it reaches the proportions of those great minds to whom nothing that is human is alien.

Every great race is actively and passionately concerned in seeing to it that each individual gets all the additional benefits which can be realized to him from the character and conduct of others, and diminish the ills he may suffer from the limitations of his own to the greatest extent. And the race that does not do this is not only contemptible and disgusting, but is also doomed to inevitable extermination as it comes in contact with races that do. The lean and paltry simulacrum of justice which Mr. Spencer gives us is then no more the real effigy of that large and magnificent social figure which civilized men worship as Justice, than a country police Judge is like William Shakespeare.

This result shows how different a living society is from an abstract notion. The abstract notion gives us the dry definition of justice as rendering to each his dues; the living society gives us the visible picture of an organization of which



each individual is at work exchanging what he has with an equivalent for what he wants, in order to get more benefits than he earns and suffer less ills than he deserves. And this is that dynamic form of justice which develops into politics, governments and nations, where the other would develop only into law-suits, niggardliness and enmities.

Real justice, then, is the administering of human relations in such a way as to secure the greatest benefits and shun the most evils which the society or the situation admits of, through a perpetual interchange of wants and supplies, and this is good politics, good government, good international law and good sense all in one. It is also egoism carried out to the full, for it aims to secure to the individual all the benefits possible, often in spite of his nature and conduct.

If it be complained that, though this is a social law, it is not the law of justice, we reply that neither is Mr. Spencer's idea of "Justice" in the strictness of his definition. For he expressly qualifies his notion of justice by three considerations: (1) The limitations which arise where men live in a society and must be content to receive the results of their conduct subject to social restraints and considerations. (2) That the young must receive more benefits than their conduct entitles them to. (3) That parents must subordinate themselves to their children. These three qualifications exactly bring Mr. Spencer to a consideration of justice as a purely social matter, as we have contended, wherein, by reason of the above limitations, no man in society is exposed at any stage of his life to getting all the benefits and ills deserved by his character or conduct, but on the contrary multiplies the first and divides the last indefinitely. Like all schoolmen, therefore, Mr. Spencer's definition is no sooner given than he runs away from it, compelled by the facts of society, as is always the case with merely abstract principles.

The fundamental notion of Rights, for instance, most vital to ethics and government as well, is left at the mercy of the vague proposition that they are based on the principle of "the liberty of each bounded only by the like liberties of all,"

which, as he says, "remains a dead letter until it is shown what are the restraints which arise under the various circumstances man is exposed to." But a real principle never remains a dead letter at any time. It is of nature, and exists actively wherever nature is. And the true notion of rights developed from the conception of society as an expanded egoism (expanded because the individual finds more advantages and more pleasures in such expansion than he could get in isolation) is that of the liberty of each working through exchanges of services to mutual advantage to enlarge the liberties of all, because in such enlargement alone could his own utmost liberty be secured. Doubtless an ignorant egoism has often sought to attain the utmost of rights by absorbing the rights of others, but this has only led to an abridgment of the cormorant's own rights, as one can see in Roman Emperor or Russian Czar, who really had and has less liberty than a laborer in America, where each is vigilant to see that each other one has all the liberties possible.

It is characteristic of Mr. Spencer's evolution, that he finds his notion of justice better carried out among some primitive tribes like "the amiable and conscientious Lebcha, who refuse to kill others," "the Hos who may be driven to suicide by a suspicion of theft," "the lowly Wood-veddah who can hardly think it possible that one man should hurt another." An evolution which finds its highest expression in low types of society would certainly do well to stop and consider what it means when it issues into such a *cul de sac*. But Mr. Spencer is intent on his *a priori* idea, and passes bravely on, as undisturbed by such fatal exceptions to his rule as any Latin grammarian.

Our view, however, takes these low forms of society and their virtues along with it with ease. Their egoism has developed to the point where they have seen the primitive virtues to be for the good of each of them, and has not expanded further to more complex relations and ideas wherein the larger social virtues would be developed and find scope. They and their "Justice" remain of a simple character, because their exchanges have never developed far, wherein is no civilization and no ex-

ercise of that each-for-the-highest-good-of-all justice, which egoism, enlarged through large exchanges, finds to be the ultimate rule.

So, further, does Mr. Spencer fall into cross currents and evil days for his theory, when he meets the almost universal fact of military societies through long stretches of historic time. He finds in these ages "a chronic conflict between the ethics of amity and the ethics of enmity," resulting in a repression of "the principles of justice both egoistic and altruistic" and such a limitation of the ethical principle of "the right of every man to use his freedom, limited by the right of every other man to use his," as is painful to contemplate. He does not feel called upon to adjust such a condition, wide-spread, ancient and still existent though it be, to his view of justice, probably because there is no such adjustment. In common with other moral philosophers, he is content to remain outside and contemplate this immense variety of human life as a mere violation of his principle.

But if our view be the better one, we shall find this fact also accounted for on its regular lines. And that it is so accounted for becomes plain to anyone, who can see that an egoism expanding through exchanges of benefits, beginning with the narrowest limits of an individual, and reaching first to offspring, then to relatives, then to the tribe, then to the nation, and finally to the world, must at each and every stage of its expansion include only the circle which it had so far reached. And the next step, to expand the nation beyond the national stage, was for that nation to go forth and conquer all other nations in order to devour them and their substance for its own individual or national benefit. Egoism therefore led to wars and conquest as naturally and for the same reason that appetite leads a lion to attack and absorb a lamb. And the justice, that went on developing by and through this universal movement, was that of continually including larger and larger circles of human beings in the notion of their adaptation to subserve one's individual happiness. Whether conqueror or conquered, the effect was the same: There came

to be no longer Greek or Jew, Barbarian, Scythian, bond or free, but simply everybody giving something and getting something from everybody else. And the great "Roman peace" that overspread the world, was the natural expression and result of that first integration of the idea of humanity ever seen upon the visible earth. It was the expanded egoism of the most egoistic of nations, removing still further the limits of its egoism beyond the borders of nationality to the confines of an immense empire, in which mankind found at once greater individuality and greater freedom.

When next Mr. Spencer comes to the State, he is compelled to assert that modern States are so far from being a natural development from the ancient State (as they visibly and historically are) that "they are organized on a principle fundamentally unlike that on which the great mass of past nations have been organized," because formerly "the aggregate exercised great coercion over the units, whereas latterly it exercises less and less." And so evolution changes from one thing to another instead of going on. But evolution must be right and go on. The evolution of an industrial out of a military society follows with perfect logical sequence by the expansion of egoism to larger than national bounds; for first the conqueror enslaves the conquered for his services, then, when his conquest expands beyond need for slaves, he uses them for soldiers, then for subject provinces and revenues, then for industrial production; and the military State, finding that it is more profitable to have machinery and produce goods, and to open trade, disappears with as little consciousness or disturbance to itself as a boy feels when growing to be a man, or a clerk in rising to become an employer.

And then the commercial national life, instead of being a system of checks and balances, as Mr. Spencer's principles force him to think, is simply an expansion under egoistic national forces looking for greater and greater profit, to an immense productive institution. All its forces are those directed to multiplying the welfare of its people, by availing itself of all benefits which the rest of the world can provide for it.

And these it secures by developing its own national type to the utmost, its own industries to the utmost, its own individuality and individuals to the utmost, and so egoistically adding a new national integration to those already established.

But they who reach after the universal in undue haste, to the sacrifice of the national type in a general attempt to remove precipitately all barriers and distinctions and demarcations, will only destroy the nation, and, with that, all hope of its ultimate usefulness. The natural law is, first the individual, then the tribe, then the state, then the nation, each firmly established in its turn, and each should increase in strength and solidity as successive enlargements occur. The final enlargement will be to the world, with each preceding integration of individual, tribe, state, nation preserved and intensified in a co-ordinated relation of nations, where each fills the special function to which time has proved its peculiar adaptation. And that world shall have a "Justice" which shall be the perfect expression of perfect liberty for each, working through, and in the perfect liberty of all. To this result Mr. Spencer's alternating and reciprocal motion of egoism and altruism with their constant checking of each other by arbitrary actions and reactions could never attain. Nature takes no steps backward, and egoism, ever expanding into wider generosities, alone is sufficient for all her requirements.

How many actual and living movements of society are reprobated and complained of by Mr. Spencer at the end of his book we have not space to particularize. We can only say that, like all his predecessors under the sway of a fixed *a priori* idea, he finds the world to have been, and still to be a sorry place going all wrong, where he could so well correct it and set everything right. But we are less confident of our own power to direct a universe rightly, and really believe that its development in the main follows necessary paths of mere exchange, and works out better than a whole bench of philosophers could do it. Plato was wrong in his ideal, Aristotle in his, Cicero in his, Augustine in his, Hegel in his, Napoleon in his; perhaps also Spencer is in his, and the unconscious

forces of society interworking together have done, and are doing better than all of them. At least we stand for the development as it proceeds, and on the plan of a constantly enlarged exchange of reciprocal benefits as able to work out the whole matter. And the reason why exchanges enlarge constantly is because man gets more and more for a day's work out of nature, by the use of machinery, and so can give more and get more at all points. Which more is integration.

When Mr. Spencer comes out finally into the State as an organization of "Justice," as stated in the principle of the liberty of each limited by the liberties of all, one feels at once the incompetency of his idea to express that great working machine which is concerned with the interests and welfare of whole communities and includes attention to many public improvements, the laying of taxes, the declaration of war, with other most important functions. Such a negative, checked, and balanced State as would conform to his definition, could do nothing great in the world—and not even its own small duty. But if the State be a great machinery organized for the purpose of forwarding an exchange of benefits, so that equivalents of benefit flow to all citizens for services rendered, it becomes at once evident that it may be called upon for any administration by which benefits and services are equalized to all.

## Editorial Crucible.

Correspondence on all economic and political topics is invited, but all communications whether conveying facts, expressing opinions or asking questions, either for private use or for publication, must bear the writer's full name and address. And when answers are desired other than through the magazine, or manuscripts returned, communications must be accompanied by requisite return postage.

The editors are responsible only for the opinions expressed in unsigned articles. While offering the freest opportunity for intelligent discussion and cordially inviting expressions of well digested opinions, however new or novel, they reserve to themselves the right to criticise freely all views presented in signed articles whether invited or not.

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THE DETROIT SUNDAY NEWS says: "The effort to give a scientific and reasonable reason for Protection, which runs through nearly every number of the Social Economist, is very interesting and cannot but help to strengthen Free-Traders in their belief that Free-Trade is the scientific and therefore rational solution of the problem of work and wages." Now if our contemporary really believes this, we suggest that it use our articles as editorials in place of its own. Michigan will perhaps then be a safe Free-Trade State for 1892. We will promise to send it a fresh supply every month, and oftener if necessary.

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INSTEAD OF INTRODUCING machinery and teaching their people how to get rich and comfortable at home, Japanese are looking abroad for places to receive colonies from Japan. A poor industry, since poverty, hand-labor and plenty of land always go together. The Japanese are poor in spite of great industry, because only steam machinery can make the masses comfortable. Emigration to more land is much like the restless shifting of our poor southern whites in the old days, when they were always moving from one State to another without changing their estates. It is the last refuge of the hopelessly shiftless and destitute. Even now there are several scantily settled provinces in Japan which they know not how to utilize,

and yet they seek for new, just as Russia is always conquering new territory without being able to use what she has already to any advantage.

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IT IS SAID that the Russians, whom the newspapers are starving by millions, will not work on the railway lines, which the government has set on foot to relieve their necessities by furnishing work to the destitute. The easy inference is that the starving is a somewhat metaphysical expression, and not meant to be taken exactly. It means that the people are terribly reduced from their usual living. The fact also probably means that the government has offered for its railway work only a small part of the customary daily wages of those regions, and the Mujiks refuse to take it. People will do almost anything sooner than work for less wages than were customary with them, even to inciting and joining in a revolution. Reducing wages is a dangerous policy in any country and under almost any conditions. It is usually safer to change the form of government, or even the character of industry, than to force down the wages of a people.

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IT LOOKS as if bidding for the labor vote in England would be carried to an extraordinary length in the next Parliamentary election. The Tories, who are usually capable of offering a high price at the last hour, have over-reached the Liberals in their efforts to obtain the support of Trades Unions; but now Mr. Gladstone has made a counter bid for the votes of agricultural laborers by promising to extend the Irish land laws to England and have English rents determined by a judiciary land commission instead of by competition, and also to furnish government aid to all tenants desirous of purchasing their present holdings. Of course this is a direct blow to the landed aristocracy, which Gladstone always stands ready to give. This only shows how little even such statesmen as Gladstone and Salisbury are really influenced by economic considerations in making up their political programmes. What will catch the popular vote rather than what will advance the



popular weal, determines their respective advocacies. Thus we see that, after all, public policy, at least where representative government exists, largely depends for its safety upon the wisdom of the views entertained by the masses upon economic questions.. What the masses demand, the politician will always give. It is therefore not to the Salisburys and Gladstones or to the Blaines and Millses that we must look for the wise direction of affairs, but to the economic education of the masses.

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CONGRESSMAN COOMBS is evidently alarmed at the perilous position in which the Democratic party is being placed on the tariff question by its Free Trade leaders. He sees that no party can secure public confidence in this country which does not recognize the principle of protecting American wages. In order therefore to rescue his party from its present dangerous attitude and what he thinks means sure disaster, or, as he says, to furnish a rallying point for the Democrats, he has prepared a new tariff bill, in which he has introduced the very principle we have been advocating, namely, protection of our higher wage-level, although he gives it but an incidental instead of a fundamental place in his measure. We see here at last one Democratic Congressman who has begun to realize that there is after all a truly economic basis of Protection to our high wages, which alone make our civilization what it is—the best in the world. This is the rational basis upon which the tariff question must be ultimately settled, if it is ever settled at all. We fear, however, that Mr. Coombs is too late to save his party. The Mills-Cleveland policy is evidently in the saddle, and he will either have to join another political party or abandon his new tariff bill.

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THE CATHOLIC QUESTION as to schools is said to be breaking out again in Canada with its usual acrimony. We wish we could persuade our variously sectarian friends that their bitter differences were really at bottom what they are—mere questions as to the wealth and social condition of their different communities. Very poor communities are always

fanatic. It may be dervishes of the East, or friars of Europe, or revivalists of the back settlements,—they will at once be poor and fanatical. As we rise in the scale we shall find increasing wealth, accompanied by less sectarianism, the richer classes being given to politics, law, art, science and secular pursuits. Roman Catholics are poorer and more sectarian than Protestants; Italy and Spain than Germany and England. Conversions may be made among poverty-stricken illiterate negroes, Arminians, Nestorians and the like. Poor Russia suffers with a frenzy of religious zeal against Jews and infidels of all sorts, at which prosperous America stands aghast.

The way to make Christians is to plant factories everywhere and increase wealth, because Christianity best comports with a high state of comfort. It can bear the presence of luxury and civilization. So to settle the religious question everywhere, we need to bring the different strata of the community up to a higher general wealth level; then a broader social life and larger religious views will prevail among them. Social improvement is the only true remedy for religious or race narrowness.

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WE NOTE the reception of the Italian journal "*La Scuola Positiva nella Giurisprudenza Civile e Penale, e nella vita Sociale.*" The economic department is under the control of the distinguished F. S. Nitti. He gives laudatory notices of Marshall, Cumingham and Price among English economists. He notices favorably also the work of F. Sartori, who thinks that the cultivation of land by large or small tracts depends upon the scarcity of labor and on the cultivation of cereals of which the consumption is large. He gives no credit to the true view, which is that small tracts are abandoned for large cultivation when social conditions make the latter more profitable. He believes in small holdings as making more proprietors, but does not see that the important question is not whether proprietors are few or many, but whether the masses, proprietors or others, are or are not raising their standard of living and getting more comforts. Small holdings make mean

citizens, and poor hard lives as Zola truthfully represents in "La Terre." Mr. Nitti also approves of Giulio Alessio's "Theory of Value in Internal Exchange," who makes value to depend on "social estimation" rather than cost of production; after which we are not surprised to find that Alessio's theory has a severe metaphysical basis. It would certainly need more than that to form any basis of actual exchange in the world. The Italians must get down to realities before their economics can regenerate their overburdened State, as they should.

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THE EDITOR of the *Milwaukee Daily Journal* thinks our views on the influence of labor organizations are "based on sound economical practice," but the idea of our "promised discussion of rational Protection" seems to have taken his breath. To him "Rational Protection is very much such a proposition as would be rational war." We are not at all surprised at this, since it does but voice the current doctrines of political economy, according to which Protection is merely a system of plunder to be classed with murder and war.

Of course a rational theory of Protection is an anomaly to a student of current political economy, but so is a rational theory of wages, interest and profits, or a rational industrial policy. Indeed, a proposition has only to be rational and consistent with experience in order to be at right angles with metaphysical political economy, which for a century has been teaching error and making false predictions regarding almost every question of economics and public policy. It taught that profits can only rise as wages fall, that wages can only rise when laborers are scarce, that profits and interest are a necessary part of the cost of production—all of which are flatly contradicted by every-day experience. Wages have steadily advanced without diminishing profits, and in spite of a constant over-supply of laborers.

The expounders of this doctrine, both in Europe and America, have for generations been predicting that if the hours of labor were reduced prices would rise, wages fall, and

capital become unremunerative; not one of which results has followed. On the contrary, wages have risen, prices fallen, capital become more prosperous, as the laborer's working day has been gradually shortened. It was under the influence of this doctrine that Mr. Cleveland, when Governor of New York, vetoed a bill reducing the working hours of horse-car conductors from 14 to 12, on the ground that it would surely result in reducing their wages, yet their hours have since been reduced to 10 and no such result has followed, wages having risen instead of fallen. The editor of the *Daily Journal* can hardly expect to be safe in his economic reasoning, or correct in his political predictions, so long as he relies upon the postulates of such a system of economics.

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THE CONTEST for Speakership in Congress has done much to define the real position of the Democratic party on the tariff question. The Democrats so frequently insist upon calling themselves "tariff reformers" and stoutly deny being Free-Traders, that we have been disposed to take them at their word, but we are now bound to confess our mistake. The Speakership contest has clearly shown that the phrase "tariff reform" is a mere decoy—that it simply means tariff reduction as the shortest road to tariff abolition, or Free-Trade. Roger Q. Mills has unequivocally declared himself for "absolute Free-Trade," and his candidacy has the support of all the so called tariff reformers in the Democratic party, which includes its leading men and its leading journals. Mr. Cleveland and his mugwump followers are represented by such journals as the *New York Times* and *Evening Post*, *Springfield Republican*, *Boston Herald*, *Providence Journal*, and the out-and-out Democratic papers such as the *St. Louis Republic* and *Louisville Courier Journal*, are all for Mills, and they are for him solely because he is for Free-Trade. Moreover, those that are opposed to him, with perhaps the bare exception of the *New York Sun*, are not opposed to him because of his Free-Trade declarations but on account of personal or local preference for other candidates. Therefore,

whether Mr. Mills is elected Speaker or not, we are bound to conclude that tariff reform in the Democratic party simply means the shortest road to Free-Trade. Our position therefore, as indicated in the last two issues, that there are no really responsible advocates of absolute Free-Trade in this country, was a mistake. We evidently placed too much reliance to their declarations of "tariff reform."

But it is now clear to all who have eyes to see, not only that there are responsible advocates of Free-Trade, but that those advocates are the responsible representatives of the Democratic party and must be so regarded. The economic policy of the Democratic party, therefore, must be regarded as distinctly that of Free-Trade, many statements to the contrary notwithstanding. To this then we shall address ourselves.

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OUR REMARKS in a recent issue, commending a sensible article on stock watering in the *Political Science Quarterly*, are still troubling the *Milwaukee Daily Journal*. We have no desire to defend stock-watering; we simply ask that it be taken only for what it is, and be not made the basis of a false social alarm. We regard the outcry of stock-watering as similar in character to that of Georgeites against rent, Belamyites and Socialists against profits, and Greenbackers against interest, namely, that it is a species of robbery, which is an economic delusion. It is not watered stock that makes dividends, it is the earnings of the road, and nothing else.

Watered stock is simply an imaginary capital and if our contemporary thinks imaginary capital can create dividends, let him try to run his paper with it. The truth is that stock-watering is simply an expedient for making dividends seem smaller than they really are, by enlarging the area over which they are to be distributed, and it never would have been thought of but for foolish laws limiting the rate of profits.

True, we are not in favor of *laissez faire*; neither are we in favor of senseless meddling with economic conditions.

We believe the State has legitimate functions consistent with sound economic principles, and these may greatly differ under different conditions, but they are never in the direction of arbitrarily regulating prices, profits, interest, rent or wages, but always in the direction (1) of protecting our civilization against any external deteriorating influences, and (2) of promoting, directly and indirectly, natural opportunities for further developing the social possibilities of that civilization. The specific measures for promoting this end may be tariffs, short hours of labor, free schools, or sanitary legislation, but whether it is one or all of these, and how much of any, will depend upon the economic and social condition of the people at the time. In order therefore intelligently to understand the duty of the State and the direction of statesmanship at any given time, it is necessary to understand the economic principles which govern wages, interest and profits, and to do this we must discard many of the partial postulates of the Ricardo-Mill Political Economy, and be guided by principles deducible from modern experience. In other words, we must adjust our public policy to the law of economic evolution instead of to a *priori* postulates of metaphysical political economy.

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THE NEW YORK WORLD recently invited Mr. Alfred Dolge (the famous piano-felt manufacturer of Dolgeville, N. Y.) to state the effect of the McKinley Bill upon the price of piano materials. In doing so, Mr. Dolge showed that prices in his line of goods had not advanced, although the new tariff affords sufficient protection to prevent American felt manufacturers from being driven out of the market by foreign producers, many of whose laborers, especially in Germany, receive less than half the wages paid in this country.

Mr. Dolge's statement appears to have caused something of a sensation among English manufacturers in his line of goods, one of whom, over the nom de plume of "An English Free-Trader", in the "London and Provincial Music Trades Review" endeavors to show that the high wages of this country are entirely misleading, since they are more than offset by

the higher price of commodities which make "the cost of living about double that in England;" and concludes that English laborers can actually procure more with a week's wages than American laborers can. Now if this were true one would think the tide of emigration from England to America would stop, but it does not.

In 1883 the Massachusetts Bureau of Statistics of Labor made a special investigation into prices and wages in Great Britain and America from 1860 to 1883, the results of which are elaborately given in the Official Report for 1884. Comparing the wages in ninety different industries in the two countries, the result shows that the average wages in 1883 were over 79 per cent. higher in Massachusetts than in similar industries in Great Britain. An analysis of prices in the two countries shows, that instead of the necessities of life being double here what they are in England many of the staple articles of consumption are cheaper here than there. For instance, provisions were 23.08 per cent. higher in Great Britain than in Massachusetts, while groceries were only 16.18 per cent. higher here than in Great Britain. Thus, taking groceries and provisions together, which constitutes the food supply, the prices are actually 6.90 per cent. lower in Massachusetts than in Great Britain.

The same report (p. 460) shows that dry goods, "medium, medium low, and low grades" from which workingmen obtain their supplies, are only .90 or less than 1 per cent. lower in Great Britain than in the United States. Thus, taking groceries, provisions and dry goods together, their prices are 6 per cent. lower in Massachusetts than in England. And comparing the prices of several hundred articles which enter into general use grouped as provisions, fuel, dry goods, boots, shoes and slippers, clothing and sundries, the report shows that, leaving out the item of rent (the difference in which is represented in better homes), the cost of living is only 5.80 per cent. higher in Massachusetts than in Great Britain.

Taking ninety industries together, then, it appears that the American laborers receive \$1.79 for what English laborers

receive \$1.00. And allowing for the 5.80 per cent. higher prices, the case stands thus: \$105.80 in America equals \$100. in England, which means that an American laborer can obtain 73.20 per cent. more wealth for a day's wages than an Englishman. And that is why they come here.

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THE CURIOUS ASSURANCE with which many people write upon the labor question, so long as they know it only as an abstract idea, is illustrated by Mr. J. B. Mann's article on "Silk Dresses and Eight Hours' Work" in the *Popular Science Monthly* for December. Mr. Mann is conscious of no difficulty whatever in disposing of the idea that laborers can gain anything by shortening their working day. He says: "When we look at the matter with care we find, sorrowfully, that the women who have no silks are the very ones who do the hardest work, and hence, as they are working clear up to the limit of human endurance to get bread, they have no time left over to put into silk dresses. This fact upsets the theory." So Mr. Mann pathetically concludes silk dresses to be an impossibility to the working classes. The same was said sixty years ago. The people then working fourteen hours a day got poor food, scant clothing, and almost no furniture or other comforts. They did indeed work "clear up to the limit of human endurance to get bread," and according to Mr. Mann, they had no time left over to put into more clothes and better living; yet somehow or another, despite Mr. Mann's confident conclusion to the contrary, they did shorten their working day by four hours, and then got better food and better homes and better clothing, while many of the women got silk dresses from the earnings of their husbands without going to the factories any longer themselves. This fact upsets Mr. Mann's theory.



## Book Reviews.

HISTORY OF COMMERCE IN EUROPE. By H. De B. Gibbins. pp. 233, with maps. Macmillan & Co., New York and London.

In this little volume Mr. Gibbins has furnished a remarkably good account of the history of commerce for nearly three thousand years. One of the chief defects of popular historic literature is the slight attention paid to the part commerce and manufacture play in the development of civilization and of the characters of nations. The position in the scale of advancement occupied by different nations is usually ascribed to the power of this warrior or that statesman, of this pope or that king, of this religious doctrine or that political idea,—in short to anything and everything except the industrial condition of the people, which at bottom is the real cause in every instance. This fact has been clearly brought out by Mr. Gibbins, not in the form of any social theory or philosophy of history, but by presenting the facts in the commercial history of different countries.

He treats of the growth of commerce and manufacture from the time of the ancient Phœnecians to modern England. His work shows conclusively that the rise and fall of every nation in the scale of civilization and political power was everywhere dependent upon industrial advance or retrogression. Egypt, Greece, and Rome rose to power as they got command of the trade and commerce of the period, as also did individual cities and colonies belonging to them. Carthage and Athens were powerful as they grew rich, and they declined in power as soon as they lost control of their commerce and manufacture. So too of Rome; her rise and fall accompanied the increase and decline of her wealth. The brief and concise presentation of the movement of commerce during the middle ages is perhaps the most noteworthy feature of Mr. Gibbins' book, because it was in this period, say from the tenth to the sixteenth century, that the foundation of our nine-

teenth century civilization was really laid. It was there that the germs of our modern factory methods began to quicken religious freedom and political democracy. The important part played in this development by the free towns of the middle ages, of which so little account is usually made by popular historians, is admirably wrought out by Mr. Gibbins, and that too by a simple narration of commercial changes. He briefly traces the growth of towns and rise of merchant guilds and finally the confederation of towns during the tenth and eleventh century, which shows how the growth of these industrial centers developed political organization and left feudalism to decay.

He then briefly treats the rise and fall of the free cities, many of which reached the dignity of small republics. Pisa, Florence, Venice, Genoa, Milan, Hamburg, Lübeck and the ninety or more towns of the Hanseatic Confederacy of the North, make it clear that in every instance social advancement kept pace with commercial growth. Spain, Italy, Germany, France and England waxed strong when their commercial prosperity was high, and waned when it was low.

The position of England in the scale of nations is also clearly seen on the same commercial thermometer. In the early part of the middle ages she was far in the rear of most continental countries, being chiefly a raw material producing country. For a long time her chief source of income was the exportation of wool to Flanders, and so long as she continued to raise wool and the Flemish continued to weave it into cloth, England marched behind Flanders. It was not until she began to weave her own wool, and furnish cloth instead of fleeces, that she came to the front.

Although there is no logical thread running through the book, the facts are narrated with such directness and brevity as to make it invaluable as a collection of industrial data, and admirably adapted for a text-book. The author naturally ascribes the progress of modern England to her Free-Trade policy, which he thinks should be universal; although he admits that a protective policy was indispensable to the indus-

trial progress of other nations, and that without it the Hanseatic league, which he regards as the greatest factor in Mediæval civilization, would have been impossible.

Like all writers of the English school, he misplaces the position of foreign trade. He falls into the same pit with Mulhall and other statistical quasi-economic writers, in believing a nation's prosperity to be measured by the amount of its exports and imports. Now a nation's prosperity and social status depend not upon what it sends away, but upon what it consumes at home. Mere exchange between countries gives us no real criterion of prosperity. One nation may have twice as much foreign trade as another and still be poorer. Judged by exports and imports, the people of England and Belgium would be three times as well off as the people of America, yet no one will pretend such to be the case. The reason is that we produce ninety-five per cent of the raw material used in our manufactures, while England has to import about ninety-three per cent. of hers; so that imports balanced by exports necessarily constitute a much greater portion of her trade than of ours. But this does not show that her people are better off than ours, or even that she has more trade than we, but only that she has more *foreign* trade, which may or may not be an advantage according to other circumstances.

In the closing paragraph, however, Mr. Gibbins expresses his great disappointment that other European countries are not more disposed to follow the American than the English policy, and says :

"At the present moment it would seem as if European countries were inclined to follow the insane example of America and to introduce into each state a more rigorous protective system, on the lines of the now notorious McKinley tariff. Indeed it almost appears that Europe is going to take a step backward in commercial policy, and to return to the almost prohibitive tariffs of the first part of the century. When Cobden and Bright prevailed upon England to adopt Free-Trade principles, they hoped that the rest of Europe would soon follow her example. The rest of Europe has not yet

seen fit to do so, and the result has been that to-day many English merchants and manufacturers are wavering in their allegiance towards Free-Trade." This shows his invincible bias towards Free-Trade preconceptions, but he is not led to reflect that there must be some fundamental thinking done on the subject which the hasty Free-Trader is somehow missing.

POLITICS AND PROPERTY, OR PHRONOCRACY: A Compromise between Democracy and Plutocracy. By Slack Worthington. Putnam's Sons.

Mr. Slack Worthington writes his book on "Phronocracy" or government by the wisest, in which he claims to propose "nothing that is visionary, impracticable or revolutionary". He includes under that description measures to limit the extent of accumulation in fortunes and universal suffrage, which gives us the gauge of his thinking as to what is not impracticable. He will get those limitations when men begin to cut off their own heads. He does not clearly tell us how to get our phronocrats—or wisest rulers—which seems to raise a difficulty. Plato found the same trouble. Mr. Worthington would have to choose them, or perhaps competitive examinations in the classics and higher mathematics would solve the problem. Mr. Worthington advocates nearly everything that has not been tried in the world, and some things that have been tried and thrown away. This gives him a wide field. He quotes Shakespeare largely, which advances the social question little. If there be a single economic error of importance which this author does not adopt and urge, except Malthusianism, we have failed to find it. He writes with an appearance of good faith which forbids us to think he is jesting. The book is excellently printed.

# THE SOCIAL ECONOMIST.

JANUARY, 1892.

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## Economic Distribution of Earnings vs. Profit Sharing.

BY ALFRED DOLGE.

Of the many new social problems created by the rise of the factory system, none are more important to society and none more difficult to solve than the economic relations of labor and capital. When the factory system with its steam driven machinery was substituted for domestic hand labor, many new industrial relations arose. Prominent among these changes was the final differentiation of laborers into wage and salary receivers on the one hand, and capitalists into industrial managers on the other, who assume all the responsibility of loss from bad management and receive all the gain arising from good management.

This separation of the functions and apparently of the interests of employer and employed, naturally brought with it a feeling of class antagonism which during the century has developed into a deeply settled industrial conflict often amounting to actual social warfare.

Social hostility was further stimulated by the teachings of a new school of political economy which came into existence about the same time, and as a part of this industrial evolution. About the time that Hargreaves, Crompton, Arkright and Cartwright were developing the spinning jenny, the mule, the

spinning frame and the power loom, in a word the factory system, Adam Smith was working out a new system of political economy. The doctrines of Adam Smith were to economic theories very much what the factory system was to industrial methods, practically a revolution.

Although Adam Smith did not realize the extent of the social changes to result from the factory system, he saw that the paternal relations of employers and employed had come to an end, and the wages system was fully established. With him therefore the laborer had ceased to be a ward, and labor became a commodity which employers should buy as cheaply as possible. Laborers having become entirely responsible for their own condition, he regarded supply and demand with free competition as the only means of regulating wages. Hence *laissez faire* and each for himself was the watchword.

Another feature of this school of political economy was that, since the product of industry is divided between laborers and capitalists, the more laborers get, the less capitalists can have, and *vice versa*. And this was definitely formulated by Adam Smith's disciples, Ricardo and Mill, into the theory that "profits rise as wages fall, and fall as wages rise." So we had a theory which confirmed the popular notion that capitalists and laborers were natural enemies whose interests are directly opposed to each other. Laborers had the authority of political economy for declaring that if profits rise wages would fall, and the capitalist the same authority for believing that if wages fall profits would rise, and both classes acted accordingly.

During the first third of the present century, this theory of political economy, coupled with the narrow selfishness of the capitalist class, had unimpeded sway and the results are recorded in the horrible conditions under which the factory operatives of England lived and labored, a condition which probably has no parallel in the history of modern civilization.

The poverty, ignorance, disease and physical deformity directly arising from the oppressive conditions, encouraged and sustained by this inhuman, unsocial, and as I believe, unecon-

omic system of political economy, naturally became repulsive, alike to the reason and instincts of the best element in the community.

Consequently a general revolt against this long hour, low wage, *laissez faire* political economy arose and a multitude of efforts have been made to develop a new system of economic social philosophy, in which humanity and the social welfare of the laboring class shall be an important factor. Among these are the various socialistic schools, first having a sentimental or religious basis, and finally ending with the doctrine of Karl Marx, which is a distinct attempt to establish socialism on a scientific basis.

The doctrines of the English school, especially the theory that profits rise only as wages fall, was believed to be as irrefutable as it is repulsive and inhuman. It was accepted as an inseparable part of the wages system and its evil effects could be avoided only by overthrowing the system itself. Thus logically and historically socialism was the product of English cheap labor political economy.

Although public opinion in most countries is somewhat charged with socialism, the more intelligent classes shrink from instituting the social revolution its adoption implies. Therefore as a compromise between socialism which views all profits as belonging to laborers, and the orthodox theory which treats them as all belonging to capitalists, profit sharing is proposed.

For many years both as a laborer at the bench and an employer I have shared the general feeling of revolt against the cheap labor and *laissez faire* features of English political economy. Although I do not claim to have discovered a universal solvent for the labor problem, I have endeavored through my study and experience to develop a more equitable method of adjusting the relations of employer and employed, which, for want of a better name, I have called "Economic Distribution of Earnings."

In the generous notices accorded my endeavors in this direction the press and the public have confounded my system

with profit sharing. This is a mistake. My views of Economic Distribution of Earnings are as different from the popular idea of profit sharing as the latter is from orthodox political economy. In truth I am not more in favor of profit sharing as generally understood, than I am of socialism.

My objection to profit sharing is that it is based upon no definable economic principle; it is at best an arbitrary make-shift which, without determining to whom profits belong, proposes simply to divide them between capitalists and laborers for the sake of harmony. Now profits either belong to the capitalists or they do not. The proposition to share them with laborers logically implies either that they do not belong to the capitalist or that he is making the laborer a present. If they do not belong to the capitalist, the socialists are right in demanding that he should not have them, and if they do belong to him, then to share them with the laborer is simply an act of philanthropy. Intelligent laborers are as much opposed to receiving charity as they are to being deprived of their earnings by capitalists, and properly so.

Nothing can permanently improve the social condition of any class which it does not receive as the economic result of its own efforts. Production and not philanthropy therefore must be the basis of any economic distribution of wealth.

Now we know that the bulk of the wealth created in society is automatically distributed in the regular process of production in wages, salaries, taxes and other fixed costs, and we also know that there frequently is a surplus remaining after all these costs are defrayed. To whom then does this surplus belong? I answer to those who produce it, and to nobody else. How this surplus can be made to flow to those who create it then is the question, and no system of division or distribution is worth considering which is not based upon this principle.

In considering this subject it should be remembered that profits are neither uniform nor universal as is commonly supposed. Some capitalists have no profits at all, some have very small profits while the profits of others are very large. In



fact profits vary with every establishment from zero up, therefore profit sharing must be limited to the successful concerns who have profits.

The two active factors in production are labor and capital. Whatever surplus or profit arises in any enterprise is due to these, but it seldom if ever occurs that all such profit is due to either one, and as I said, no system of division can be equitable which does not give it to either or both in proportion as they contribute to its production. In other words, if the laborer is entitled to any of that surplus, it is upon the same principle that the capitalist is entitled to his, namely: that he created it. How then are profits produced? Since all do not have profits, why do any?

It is an acknowledged principle in economics that through the action of competition, prices in the same market for the same product constantly tend to a uniformity. Those producers who labor under the greatest disadvantage either by having inferior workmen, larger amount of waste, inferior machinery or poorer management, can barely obtain as much for their goods as they cost, and hence can make no profit, sometimes as we know even producing at a loss. The other competitors in the same market who can produce their goods at less cost per unit will have this difference in the cost of production as profits. This profit therefore varies with each concern according as it produces the same article at a less cost than its poorest competitor. Now if this profit—economy in the cost of production—arises from the use of superior machinery, or larger investment for raw material, or any other use of capital, it clearly belongs to the capitalist; and if it is due to the special skill in management it just as clearly belongs to the manager, whether he be a capitalist or a salaried superintendent. And, on the other hand, if it is the result of superior energy or care exercised by the laborers or an improved method introduced by them, then it is manifestly theirs because they have created it. In other words, this surplus being the result of exceptional economy exercised by some of the factors

in production, it economically belongs to the factor which produces it and to no one else.

It is manifest that the economic distribution of this surplus can never be secured by any system of percentages on wages, salaries or capital, because it is not always produced by them in any such proportion. It may be, for instance, that through exceptional care and exertion of laborers a surplus is created, but through poor management or the use of inferior machinery or too little capital a loss has occurred which more than offsets the surplus created by the laborers. Now the laborers are just as much entitled to the surplus they created under these conditions as if the other factors had created a surplus also, and vice versa. There is no more reason in economics or equity that laborers should forfeit their surplus through the incompetency of capitalists than that capitalists should forfeit their surplus through the incompetency of laborers. If a method can be devised by which this principle can be made workable in society, we shall not only have the great mass of wealth economically distributed through the law of wages and salaries and other fixed costs, but we shall also have the contingent surplus distributed with the same equity to those who created it.

Now it is exactly here that my method of Economic Distribution of Earnings differs from the popular method of profit sharing. Profit sharing would divide the surplus uniformly among all according to the amount they receive in wages and salaries or capital invested, whether they help to create the surplus or not. By this means the incompetent get as great a share of the surplus as the competent. The surplus earnings of the wisest capitalist may in this way go to careless laborers, and conversely the surplus earnings of the most intelligent and skillful laborers may be swallowed up by the poor investments or incompetent administration of capitalists. Indeed this is the rock upon which so many so-called profit sharing experiments have foundered.

The capitalist having failed to keep pace with the latest improvements is unable to produce a profit. Then in order to

maintain his position he begins to withhold from the workmen the profit they may have created and finally to make up for his own deficit tries to reduce wages. Against this last straw the laborers strike and the scheme goes to pieces.

This is the history of many profit sharing experiments. Of course the failure is all charged to the ingratitude of the laborers. They should have been willing to accept lower wages in order to save the capitalist. To my mind this is all wrong, a reduction of wages is a step backward which laborers should never be expected to take.

Now the system I have adopted proposes to give to each factor all the surplus of profit it creates, whether the other factors have any or not. If the laborers in any department through exceptional effort have created a surplus they should receive it without reference to whether the laborers in other departments, or whether the capital of the concern, has produced a surplus or a deficit.

It will be seen that this is essentially different in principle from profit sharing. If this principle is sound it only remains to develop a method for its practical application, which is simply a question of book-keeping.

It should be remembered in considering this subject however that, since profits are an economic surplus arising from exceptional production, this exceptional production is due either to superior management, or machinery, or superior labor. This is generally recognized in the case of capital, but is too frequently ignored in the case of labor. Every manufacturer knows that in order to succeed in business he must use the best machinery. He knows also that the wear and tear of machinery must be counted as a constant item of cost in his production. Therefore in order to maintain his plant, in a permanent state of efficiency, he must reserve a certain amount from every year's product as a depreciation fund which shall be adequate to replace the machinery when worn out, or with a better kind of machine whenever one is discovered. In other words the successful manufacturer maintains an insurance fund for his plant so that he will not be compelled to use

inferior machinery and thereby lose his profits and perhaps his principal.

What is true in this respect of machinery is equally true of the other factor in production, labor. Intelligent, competent labor is no less important to profitable production than is efficient machinery. Nor is the wear and tear or depreciation of labor any less certain than that of machinery, and therefore should be provided for with just as much regularity.

I know it is usually assumed that employers have no interest in their laborers other than to hire them as cheaply as possible. This I regard as a serious error. It is one of the results of the erroneous doctrine already referred to "that profits rise as wages fall," and therefore that cheap labor is an important factor in creating large profits. This view however is contrary to all experience. Instead of profits being the largest where wages are the lowest, we find that where wages are the highest, capitalists are most prosperous and profits most permanent.

In Asia and South America for instance, where laborers work for a few cents a day, capitalists can hardly exist at all, whereas in England and America, where the highest wages prevail, profits are most permanent and capitalists most numerous and prosperous.

If the theory that low wages made high profits were true, the Southern states would have been a very Eldorado for manufacturers under slavery, yet everybody knows capital was less prosperous in the Southern states with slave labor than in the Eastern states with dear labor. Indeed it was not until a generation after slave labor was superseded by free labor with higher intelligence and standard of living among the masses, that manufacturers could profitably exist in the Southern states.

The reason for this is that high paid laborers, besides being more intelligent workers and better citizens, are larger consumers, and consequently furnish a more extensive, varied and permanent market for the products of capital, which is the very basis of industrial and social prosperity. In fact cheap

labor is ultimately a greater menace to the permanent prosperity of capital than any other power in society, high wages are always permanently beneficial to the capitalist as well as to the laborer and the community.

To constantly secure a high grade of labor the wear and tear or depreciation of the laborer must be provided for. The depreciation of labor arises in a somewhat different form from that of machinery, but its effects are substantially the same.

Improved machines can be invented and manufactured, but improved laborers can only be developed. One may work a machine till it breaks down, then have a new and perhaps a better one made to take its place. But this is not true of labor. If laborers are poorly paid and overworked, and ill housed, they not only become less efficient themselves, but their children, who are to take their places will be no better, and sometimes even worse. In this way the development of superior laborers, to say nothing of superior citizens is prevented.

In order to obtain the most economic service from labor, it is not only necessary that laborers should have the possibility of good social conditions while working, but also that they should retire from work as soon as they become inefficient for their place, which is constantly occurring. There is probably no force in a factory more effective in preventing the introduction of improved methods than the opposition of the old work people. They are incapable of adapting themselves to new ways of doing and are always adverse to new machinery. In fact by the time a laborer has reached the age of fifty-five or sixty years he has generally passed the point of economic efficiency.

It may be said that he should then be discharged and a younger man put in his place, but this policy is neither humane nor economic. It is inhumane because it throws the laborer upon the world at a time when he has become incapable of earning a living, making of him either a pauper or a beggar. This is socially degrading; it tends to stamp out the manhood

and destroy the individuality, dignity and freedom of the citizen. On the other hand, to avoid this calamity laborers are tempted and even taught to restrict their standard of living to the narrowest limits that something may be saved for that "rainy day." To this end women desert their homes for the shop, and children are hurried into the factory when they ought to be in school. Thus in the name of false economy the highest interests of home life are neglected, ignorance is perpetuated and the social advance of the laborers is prevented. It is uneconomic because all this hinders the growth of intelligence and integrity, so indispensable to efficient workmen.

In order therefore to obtain the best result from laborers they must not only live under good conditions while working, but they must be placed beyond the fear of want in their old age. To secure this a labor depreciation or insurance fund should be made an established part of the cost of production just the same as depreciation for machinery is provided for now.

From this two important advantages are obtained: (1) Laborers can be retired without becoming paupers when they cease to be profitable factors in production, or when they reach what economists call the stage of "diminishing returns." (2) Their future being assured, laborers would feel safe in keeping their wives at home, sending their children to school, and otherwise living up to the full extent of their income. Thus instead of constantly trying to restrict their standard of living to provide for old age, they would have every inducement for extending it, which would tend to increase their intelligence, social character and individuality, and develop not only more efficient laborers but a higher manhood and superior citizenship among our people.

I therefore regard labor insurance as a necessary feature of any continuously profitable system of production. Not as a part of the Economic Distribution of Earnings but as a means of permanently securing surplus earnings to distribute either to laborers or capitalists. Accordingly in addition to my method of Economic Distribution of Earnings, and as an

important aid to it, I have adopted a system of Labor Insurance.

I commenced these experiments in 1876. The plan for insurance is based upon the accepted actuary tables of life insurance companies, and has two features. One is a regular life insurance policy, to provide for the family in case of death of the worker; the other is a Pension Fund to provide for the contingencies of accident or other forms of incapacity while living. The life insurance provides every employee with a \$1,000 policy for every five years of consecutive services until the amount reaches \$3,000.

The pension fund entitles every employee to a pension when disabled for work from accident or old age, in a progressive ratio, beginning with fifty per cent. of his wages. In case of accident the pension begins at once, and in case of old age after ten years service, rising at the rate of ten per cent. every three years until his full wages are reached.

The system of Economic Distribution of Earnings as I said, is largely a matter of book-keeping. As in any well ordered establishment we have a known unit of cost of production, which has been ascertained by continued experience and which is acted upon as the basis of doing business. And with a scientific system of book-keeping this established cost per unit (under existing methods) is just as definitely known in every department as it is for the whole establishment.

If any important departure from this established cost per unit of product occurs, creating a surplus or a deficit, it is credited to those who produce it. For example, if by a special purchase of raw material the cost per unit is reduced, the increased product or surplus is credited to the management. If a similar result is due to a larger investment of capital or better machinery, the profit goes to capital.

On the other hand, if any workman introduces an improvement, all the surplus above the cost of making the change arising from such improvements is credited to him as his surplus earnings. Again, if at the end of the year an increased product has resulted in any given department or in the whole establishment, and no improvements or economies have been

introduced by capital, it is clear that the surplus is due to the greater care and economy exercised by the workmen, and the profit all goes to them. If the management in buying raw material, selling finished products, or bad investments, create a deficit, the loss is debited to capital; and if the result of such bad management does not create an actual deficit, it will still be clear that but for that bad judgment there would have been a surplus to that amount, thus proving that the workmen had produced a surplus over their wages which they must receive, by putting the entire loss caused by bad management on those who created it. And in the same way if any loss is created by carelessness of employees, by excessive waste, diminished quantity of work, damage to machinery or to finished goods, etc., such loss is, of course, charged to them and deducted from their surplus earnings, but never from their wages.

It will be seen that, by this method of Economic Distribution of Earnings accompanied by a well regulated system of insurance, we have a system of industrial relations which are at once economic and equitable.

This system cuts the entire ground from under socialism, first, by guaranteeing laborers against the menacing contingencies of accident, sickness and old age; and second, in addition to giving them the full wages established by their social standard of living, it also gives them all the profit, or surplus product they create. It is also entirely free from philanthropy and paternalism, giving nothing to anybody except what he produces, and exacting from nobody anything but full, requited service. It places a premium upon intelligence and energy, stimulates individuality, integrity and social freedom and tends to elevate the social life and character of all concerned. It is economic, equitable and co-operative, making the welfare of all the interest of each, and if generally adopted I believe would soon remodel our industrial relations upon the basis of a broad, permanent and truly progressive social democracy.



## Our National Ideal.

In the first flush of our national existence, we Americans started off with many general principles of perfect generosity and cosmopolitan feeling which were perhaps natural in a young and ambitious people. The principles of the French philosophers—of Liberty, Equality and Fraternity—had taken root here and sprung up into a harvest of fine sentiments which did credit at once to our ideals and our enthusiasms. So we opened our doors to all nations with a general invitation to everybody to come to our shores and join us in the universal welcome which we had to give to the oppressed and destitute of all nations, making no exceptions in our wide hospitality. And for many years the common idea of our people was to keep open doors for everybody, and do things on a grand and liberal scale, in the belief that democracy would prove a universal panacea for all the ills and depravities to which men have always been a prey.

Time however has slowly compelled us to reconsider our generous notions. We found the nations of Europe to be disposed to take us at our word and to send to our shores their broken down, unruly and depraved citizens, all the poorest and least desirable classes, and make us a sort of Botany Bay for convicts, loafers and paupers. An increase of crimes, new and strange to our people, soon brought their minds to the conviction that there was a limit to the range and exercise of good intentions, and that, as we had no certain patent for reforming bad characters of all sorts on sight, it would be impossible for us to cope with such an outflow of refuse drainage successfully. We therefore began to withdraw our invitation to the universe at large, and passed laws forbidding the deportation hither of convicts, insane, paupers and vagabonds of various degrees. We began to object to them just as we objected to small-pox, cholera and other contagious diseases. Our nation had thus learned that general principles of benevolence were not the only things needed to build up a good state.

They learned that if one will have a good civilization, it must be protected from close contact with bad civilizations, or the bad individuals of even good civilizations elsewhere. Here then was the first check given to the unbridled liberality with which we had opened our campaign in favor of the distressed and depressed of all the world. We simply found that it would not do. We simply could not receive and take care of all the paupers and scoundrels which other civilizations might send us. Now we scrutinize immigrant ships carefully and examine all who wish to land as to their minds, bodies and estates, and compel the return of many of the said destitute and oppressed, regardless of universal principles and irrespective of their personal feelings. This we did confessedly in our own interest and for our own protection.

And be it noted also, that we did this after we had reached a point of prosperity and wealth by means of the very looseness which we now began to repudiate and forbid. We could bear such intermixture when our civilization was lower and less complex, but could not or would not bear it when it became high, complex and wealthy. In other words, we began to demur to the intermixture when we were strong and apparently best able to improve it.

But soon other steps were taken in the same direction. The rising tide of democracy began to pour into the stately halls of Congress from the sand lots of California, and after some agitation compelled the enactment of immigration laws prohibiting the further landing of the Chinese upon our coasts. This law met with much objection from old-fashioned Americans, to whom the primary notion of "a refuge for the oppressed and destitute of all nations" still remained as the instinctive and generous ideal of our national policy, but the impulse of the sand lots orators was irresistible, and what the idealists resisted, they found to be driven on by a blind but sufficient popular instinct. And as the argument proceeded, it became evident, even to the staunchest of the idealists, that the prospect of an unlimited immigration from a poverty-stricken nation of two hundred millions of people, alien in blood, lan-

guage, customs, religion, and government, was no light matter and could not be contemplated without serious misgivings. It was perfectly clear that fifty millions of Chinese might easily come to us in a half century without decreasing their reserves at home to any appreciable extent, and that such an inundation would produce an effect on our institutions which one could only contemplate with dismay. Our civilization would simply be swamped in the awful breakers of this intruding sea. And so the wise idealists contented themselves with shaking their heads and permitting the practical democracy, which was roused and thoroughly in earnest at the prospect of competition with laborers able to live on ten cents a day, to have their way and override the fine old ideals of our grandfathers in their salad days. There is probably no one at this present time who has even slight misgivings as to the wisdom of the Chinese exclusion act, which was thus pushed forward by the instincts of the laboring classes against the theories of the governing class. So far wiser is the teaching of life and reality, than the logic of theory or the impulses of disinterested benevolence.

These acts, of contraction from universal hospitality in our general national ideal, were later followed by still another, in the act to prevent the importation of labor under contract. This too sprang from the impulses of laborers determined not to let themselves be supplanted by lower priced laborers from abroad, who could be brought over in gangs under engagement to work at wretched wages, and so prevent laborers on the spot from advancing their own wages by strikes and unions, or even from holding their own in the market competition. This also seemed to the doctrinaires as a grievous limitation of American views and theories, and as little short of ridiculous in fact. But it succeeded in its object, and lifted the perpetual conflict between capitalists and their men to a distinctly higher plane, besides preventing much misery among our poorer citizens.

Now all these acts were, as we have said, distinct and great limitations of the primal American motto as to furnishing

a refuge for the destitute and oppressed of all nations. And the feeling as to the wisdom of the limitation was further deepened by the Haymarket bomb in Chicago, where it was brought to our notice, that theorists of other nationalities were likely to avail themselves of the generosity of our institutions, to carry into operation the anarchistic notions which they had brought over with them, to the injury of civil order and the public peace.

Our early ideal was thus greatly checked and changed in the rough handling of practical national life. We have found it necessary continually, as society becomes more complex, to surround ourselves with prohibitions and restrictions of all sorts. And the more we advance, the more limitations become needful—needful not in theory but in practice, and the more they are likely to be used. To many this would seem to be a retrogression of national life—a descent to a lower type. In fact it is the same retrogression as that which develops the generous and unguarded youth into the wary and well protected man armed at all points and ready to meet dangers because armed. It is in reality not a limitation, not a retrogression at all, though we have spoken of it as such. It is a new integration. It is the nation assuming its own distinctive type among nations, and realizing its own ideal in an ideal manner by excluding all that tends to mar or destroy such realization. The convict, the insane, the professional pauper, the Chinaman, the utterly servile low-priced laborer from abroad, and the anarchist, are elements which tend to destroy the American type of civilization and to ruin the American State. And the instinct which impelled our citizens to resist this degradation of type at all hazards was healthy and well followed. These preventive laws were passed in the interests of our whole civilization, and of all the benefits which our type has been, or may be able to confer upon the world. In other words, they were laws of protection to a national development, whose perfection is the best contribution we can make to the welfare of mankind. For we could not long preserve our free and generous type of nationality if too much alien and unas-

similable matter were poured into it rapidly; we should go down before inferior types by the sheer mass and weight of their superior numbers, just as a great forest of high type may be cut down by an avalanche of snow and mud whose solid contents are greater.

And it really was for the interest of the innocently destitute and oppressed of all nations that we should decline to receive the refuse of them all, and especially so many Chinese as would inevitably swamp our type of civilization in one which is inferior.

In other words, our national ideal now adds to itself the guiding practical qualification of protecting our civilization by such laws and means as are necessary to effect that end. Like all organizations in nature, we find that as we assume a more perfectly differentiated type of greater complexity and more developed institutions, we must protect ourselves more vigorously. Our new war fleet is but a further sign of increasing progress in this direction. As we become richer and stronger we feel the need of protecting our riches and strength against the accidents of fortune and the malice of able enemies. And to this end we begin to build fleets, which we have easily done without up to a recent time, and prepare to resist harm. This is just as the larger animals, the shark and the lion need great defences, where the jelly fish and the sheep get on without them.

And it is on the same basis that the adoption of the protective policy for American commerce and trade justifies itself in the forum of reason. Such protection is needful to the conservation of the American type of civilization and its perfect development, which, as we have said, is the greatest contribution we can make to the welfare of humanity. Those who, moved by the undifferentiated ideals of our youth, wish to fling open our doors to free trade with everybody from everywhere, differ in no respect from those idealists who wished to receive everybody from everywhere, and so would have left our gates open to millions upon millions of Mongolians until our civilization and perhaps our very language had perished before their

multiplied and unconquerable numbers. The unwisdom of the latter course is now evident, but the unwisdom of throwing aside our existing protective system is still a matter of active controversy, and carries with it all our idealists and scholars and many theoretical statesmen, who are charmed with a view that calls for no arrangements and no trouble, but lazily drifts along the stream of current events to anywhere whither our civilization may chance to go. We say our civilization, for a careful consideration of the whole matter reveals the fact that it is our civilization which is at stake in the issue, and nothing less. For our commercial system is the basis of our type of civilization; on it depends our wage-level, our rate of profits, our general standard of living, and our whole social structure and advance. Therefore whatever changes our commercial system, threatens to change the whole social development which rests upon it.

And it is easy to see that, as the free reception of millions of Mongolians would produce an irresistible effect upon our citizenship, so the free reception of billions of dollars worth of foreign goods would produce an overwhelming effect upon our own manufactories and centers of industry. Such an effect could be nothing but disastrous, since all sudden and great changes are disastrous to commercial affairs. And these changes would inevitably reach to every one connected with these industries, which means, in truth, nothing less than the whole of our citizenship. No one can contemplate such a result with anything short of horror, as involving the nation itself in a storm of unprecedented force and range. Compared with such a convulsion indeed, the late confederate war upon our political system would appear light and transitory, since it attacked but one point of our national structure. The commercial change however would attack at once wages, profits, solvency, standard of living, and values of all sorts, from that of railway shares to that of a pound of nails and a yard of cloth. And of the universal fall of prices, which is promised from such a course, no one would get the benefit excepting men of

cash, since no one else would be in a condition to buy so much at the reduced figures as he could have bought at the higher.

Those, therefore, who advocate a general change to a free trade policy, are really treating a far larger matter than their words imply, and in casting round for "goods bought in the cheapest market and sold in the dearest market," are unconsciously tampering with the foundations on which our present social condition is built. One is reminded forcibly of the story of the man who dreamed for three nights in succession of a pot of gold under the corner of his mill, and dug for it, until he had undermined his mill, which came tumbling about his ears in complete ruin. He found no gold.

But what we contend for is that, as our national ideal has integrated from a universal reception of all men to our Republic, so the natural universal free trade ideal necessarily integrates into a national commercial ideal, in which our own type of civilization is taken care of first of all, because through that our greatest contribution to universal commercial welfare can be made.

Those, then, who with the *New York Times* are opposing our old policy because it does not always sustain wages in every department, as some protectionists have promised, or because prices have not fallen, as others have claimed, or because we pay more for goods than they do in England, or because we can pursue agriculture cheaper than we can manufacture, are exposing the nation to a great danger. For all these alleged ills would almost surely increase were we to head our policy towards free trade, and besides those, we should incur widespread and devastating evil, which would flow from an attempt to reduce the type of our civilization to that of Europeans, wherein our people would suffer altogether, and the noise of the strife between capitalists and laborers would be drowned in the universal lamentation of all parties over their common submersion in disaster. The evolution of our national type, then, would be arrested, to the infinite confusion of us all.

The future of our nation must take the course of an increasing integration of national character and industry. It will become not less, but more distinctive in type, more itself so to speak, more particular, individual and special and less generalized, more a nation and less a humanitarian institution. This is as certain as fate. The idealists, who wish to see us drive in the direction of less specialization and become more generalized, are looking for impossible conclusions. They are opposed by nature herself, who never develops towards generalities but toward specialties. The socialists, who are for quashing all the gains of existing differentiations in their undistinguished generalizations, are looking for the impossible. The scholars, who are aiming at a federation of the world by the breaking down of barriers and distinctions, are also looking for the impossible. More marked nationalities are the certainties of the future. The nationalists, whose name belies their aims, will have to work for a more individualized nation—not one merged into humanity alone. And our nation is slowly growing more special and particular, in spite of the inundations it suffers from all other nations. It tends to diversity of industries, diversity of national life, but to particularity and specialty of national character and freedom.

And this is the method of superiority. The best workmen are those devoted to one thing. The horse is all the fleetier in that he is devoted to running; the dog is the better as each species is devoted to one end. High development always means special development. And just so far as our ideals retire from an effort to occupy the whole human field, and endeavor to occupy one special national place, just so much the more realizable they will prove, and just so much the more superior we shall become in our place among nations. This integration will take its course whether we help it or not, but it will reach a higher development if we assist it consciously, intelligently and scientifically. And just so far as we lose our fears of becoming inferior by following out our manifest destiny, leaving the generalities of enthusiastic youth for the sober practicalities of riper age, will the nation take care of all its



own interests first and foremost, believing that thus it will most contribute to all human interests.

And since the fundamental relation of every modern nation is its industrial relations, the primary interest of our country is the guardianship of its own industries. To see that these are not supplanted by any inferior foreign industrial methods is our primary necessity. No matter what it may cost to maintain the present standard of living of our people, where the working classes are certainly richer and more comfortable than anywhere else, that standard must be maintained. We cannot do well, however we do, unless we at least keep our own citizenship from the degradation sure to follow declining industries and falling rates of wages. This is the very fortress of our civilization and bulwark of our liberties.

In order to accelerate or even continue the successful evolution of our national ideal, several important questions must be dealt with on a basis of broad industrial statesmanship, chief among which are:

(1.) The permanent establishment of a *scientific system* of tariff protection to home wages; and also adequate protection from the influx of immigrants whose character threatens to depress our civilization.

(2.) The labor question, which is now one of the momentous features of the social problem.

(3.) The southern question, which, though somewhat local, is really industrial more than political.

(4.) The problem of municipal government, which is of great national importance, because it involves the social conditions of an increasingly large proportion of our citizens.

(5.) A monetary system whose machinery shall be economic instead of political, and which shall be so constituted as to adjust the issue of money to the commercial needs of the community automatically, without resorting to legislation for its expansion or retraction.

These questions rationally treated will continue the successful integration and development of our State towards our

highest national type, which is that of an industrial democracy where the masses are kept ascending to a higher and higher level, through the increase of their wealth, the protection of their status, and integrity of administration.

The question of Protection is first in order, not so much because it is in itself of the greatest vital importance, but because it is necessary in order to render an adequate treatment of the other subjects possible. Protection of home wages is as necessary to preserve our civilization from the economic assaults of foreign cheaper labor, as are policemen to protect moral and peaceful citizens from the assaults of social marauders, or as are armies and navies to protect the nation against possible military invaders. In other words, scientific tariff protection is truly an economic police function to guard the advance in civilization already secured. This protection established as a recognized principle in society, all classes would be free to apply themselves to the treatment of other questions which are of a positive and vital character.

For instance, in dealing with the Labor question, the demand for an Eight-Hour day is not only a popular and feasible proposition but it is a most important one, economically and socially, and the adoption of Free-Trade would make the immediate consideration of such a proposition impossible. But if a policy of adequate protection were firmly established the eight-hour question and the southern question, which is but another phase of the industrial question, could be matters of immediate consideration; and the problem of city government, which is not merely a problem of honest municipal administration, but of vastly larger expenditures in public improvements in schools, streets, parks, sanitation, etc., which directly affect the social life of the masses, could receive immediate attention. Nearly all our large cities need to more than double their expenditures for public improvements; and if a rational tariff system is maintained, so that our wage rate and home market are secured from the assaults of lower civilizations, the taxation necessary for these public improvements will be a matter of but slight moment. But so long as our industrial prosperity

is threatened by Free-Trade agitation, these vital questions which strike at the very source of our industrial, social and political life and growth will be neglected, and the rate of our social advance restricted. In short, every advocate of Free-Trade in this country to-day is consciously or unconsciously an enemy to the short hour movement, to the industrial development and political freedom of the south, to public education, and to municipal reform in our cities, because he is an enemy to that security of our industrial conditions which is necessary to the practical treatment of these vital questions.

That political party therefore which shall seriously adopt this policy and make a consistent educational campaign on these lines, will not only be the true promoter of our national ideal, but will be sure to secure the confidence of our people and the leadership of the republic for the next generation.

## The State and Public Education.

BY DR. LEWIS G. JANES.

The views of Mr. Herbert Spencer, and the school of social philosophers of which he is the most distinguished representative, in opposition to the control of the State over education are too well known to require an amplified statement. Mr. Spencer is nothing if not an individualist; and he sometimes carries the doctrine of individualism and non-interference so far as almost to erect it into an *à priori* dogma, ignoring the principle of relativity which he has elsewhere so ably shown to apply in the immediate, practical solutions of all ethical and social problems.

Manifestly, from the point of view of the modern historian and philosophical evolutionist, as Mr. Spencer has conclusively shown in "Justice," the State is not to be regarded a statical and unyielding body of customs, traditions and laws, but as a dynamical institution, adapting its forms, regulations and machinery to the progressive unfolding of the race. The mode of government which is adapted to the modern Englishman or Frenchman would be quite out of place in Central Africa, and would have been as little adapted to the ancestors of modern Frenchmen and Englishmen thirty centuries ago as it is now to the native denizen of the Congo Free State. These are extreme illustrations of the principle; but it holds good all along the line, and it is quite possible that no society to-day is completely prepared to apply the principles of "Justice" and the ideals of individualism in their full extent, to the ordering of its institutions. It is quite possible, too, that there may be differences between the typical Englishman and Frenchman and German, in their native habitats, and the composite European who calls himself an American because he was born and bred on this side of the Atlantic Ocean, which render certain forms and institutions proper for the one, when they would not be adapted to the habits of thought, modes of life and existing institutions of his ocean-separated kinsman.

It is not only possible but probable, I think, that Mr. Spencer would admit all this to be true, both theoretically and practically, if the question were put directly to him; as indeed he would be bound to do by his own expressed principles. But he would doubtless urge, nevertheless, that for the modern Englishman, or Frenchman, or German, or American, the public school is an anomaly, and that the tendency toward its more general establishment and recognition to-day manifested in all these countries, is an instance of "progress backwards,"—of a growing encroachment of centralized power in the direction of State Socialism, and a lessening liberty of the individual.

Doubtless there are conscientious thinkers in America who hold this view to-day. Let us briefly examine their arguments and see whether we are indeed drifting on the breakers of State Socialism to the destruction of individual liberty, in the under-currents of our system of public education.

Mr. Spencer argues elsewhere more directly and at length, but nowhere perhaps more clearly and forcibly against State education, than in the concluding chapter of "Justice." The gist of his argument is found in the conception that the origin of this system is traced back to a primitive, militant form of social organization, where each member of the tribe was trained "to fit him for the purposes of the tribe—to fit him for helping it in maintaining its existence, or subjugating its neighbors, or both. Though not a State-education in the modern sense, the education is one prescribed by custom and enforced by public opinion. That it is the business of society to mould the individual is asserted tacitly if not openly."

He then goes on to show that as societies progress and larger social combinations are established under regular governmental forms, there is a further development of State-education. This, however, is almost exclusively of a military character, which involves the theory of the complete subordination of the individual to the community. "Alike in Plato and in Aristotle," he declares, "we have elaborate methods proposed for the due preparation of children and youths for

citizenship, and an unhesitating assumption that in a good State, education must be a public business." This theory of State obligations he deems a normal accompaniment of the militant type of society. Arguing, however, that in the modern industrial State, in which fighting is subordinate to industrial enterprise, the relations of the individual to the State have been entirely changed, he holds that instead of being moulded by society, it is now the duty of the individual to mould society to suit his purposes. With this ideal in view, he holds that State-education is manifestly a reactionary and deleterious influence, tending to prevent the free development of individual character. Under the system of industrialism, "the claims of society to discipline its citizens disappears. There remains no power which may properly prescribe the form which individual life shall assume."

In considering what weight ought to be allowed to this argument, it should first be noted that we in America have to deal with quite a different set of conditions from those which exist in England, and Mr. Spencer's argument evidently has much greater force as applied to the English situation than it has with reference to our own. For example, in England the relations of the State to education are determined by Parliament. This centralized body of Lords and Representatives fixes the methods of State interference in this as in other affairs which with us are relegated to the different localities. Parliament interferes in the minutest details of municipal government; specifies whether and on what conditions a city may introduce gas or electric lights, improve its streets, establish or endow schools, or otherwise manage its local affairs. It even minutely indicates the terms of contracts which a city may make with its local servants. Such an interference with the affairs of the locality on the part of our National Government at Washington would not be tolerated for an instant in this country; least of all, would we tolerate dictation from that source with reference to our public school system.

Again, in England they have an established Church, and the system of State aid to schools must be grafted on to the

existing educational machinery, which consists largely of schools established and maintained by and under sectarian influences. No uniform system of purely secular State education has yet been proposed or attempted in that country. Here, again, we have what in America would be regarded as an insuperable barrier to State interference. No principle is better established in this country than that the State has no right to appropriate public moneys in aid of sectarian institutions. Here, instead of a Parliamentary or Congressional endowment of sectarian schools, accompanied by interferences of the central government with established educational methods, we have secular public schools authorized, and in part sustained by the State (not the general government), but the control and administration of which is left almost exclusively to the locality,—the town, city or district. The militant element, evidently, has almost entirely dropped out of our public school system—the State, on which the system depends for its authority, and the locality which controls its administration, having no independent military supremacy.

There remains, however, a condition of things in the overcrowded schools of our large cities which presents valid reasons for criticism and objection, and which strongly calls for reform. Where fifty or a hundred pupils are assigned to a single teacher—I have known even more than the latter number to be so assigned in our Brooklyn and New York schools—it is evident that the individual pupil can have but little direct attention. Education must be largely a mechanical process, and its product must be in great part a machine production. The individuality of the pupil stands little chance of development under such conditions. What growth it gets in early years must depend mainly on a native inherited vigor and bent toward an independent personality. It is difficult to see, however, how the circumstances of such children would be bettered by the abolition of the public school system. The obvious remedy would seem to be an improvement of its methods—the introduction, as rapidly as possible, of the kindergarten system for the younger pupils, which necessarily

takes cognizance of the individual, and develops his powers of observation and muscular co-ordination, and respects his natural intellectual bias.

Another objection frequently brought against the public school system is that of alleged injustice to the taxpayer, who, perhaps having no children himself, or preferring to educate his children in private schools, is nevertheless compelled to pay his *pro rata* assessment for the support of public education. This objection, however, is rarely heard in this country, except from the mouths of doctrinaire theorists. The average taxpayer, whether he has children or not, pays no tax so cheerfully as that which is applied to the support of the schools. Whether rightly or not, he regards public education as a wise protective measure, which renders many-fold returns for its outgo in security to life and property, and as a guarantee of individual liberty. In the public school, the boy or girl gets exactly that sort of contact with his fellows which he is destined to experience in after life. He is not coddled or classified apart from his less fortunate fellows. The training and discipline which come from this association are often worth more to the pupil than the limited amount of intellectual education which he receives. It brings out his natural individuality and character. He is like a diamond with many facets which thus receives a polish on every side. I have known many wealthy parents, abundantly able to educate their children privately, who have preferred to send them to the public schools on account of this disciplinary preparation for the battle of life. I speak also from experience as a public school pupil in my younger days.

The objections to the public school system as it exists in this country usually seem to be urged from the standpoint of the parent and taxpayer rather than from that of the children. It is easy enough, indeed, to discover imperfections in our present methods. We no doubt grievously suffer from the inevitable evils of wholesale education. None are quicker to note such defects, none more urgent in seeking for their appropriate remedies, than our more intelligent public school



superintendents and teachers. But to abolish the system on account of its defects would be like cutting off one's head to cure the tooth-ache. The children have some rights as well as the parents and taxpayers; and if the State has any duties to perform, among them surely is the duty of protecting those who are unable by reason of undeveloped judgment to protect themselves. If all parents were able and wise enough to educate their children without State aid along the lines indicated by Mr. Spencer in his epoch-making treatise on education, we could readily do without the public school. In time we may reach this situation. The facts at present, unfortunately, are quite otherwise.

In most instances, the alternative of State education would be either no systematic education at all, or education in sectarian schools; and against the tender mercies of parents whose very necessities would often force them to one or the other of these alternatives, the child has a right to be protected. The fundamental principle of justice, according to Mr. Spencer, is that the adult individual shall suffer or enjoy the results of his own character and consequent conduct; but if home training in narrow views and sectarian dogmas is supplemented by similar instruction in the school, there is small probability that he will have any "character and consequent conduct" that can properly be called his own when he arrives at manhood. He enters upon the years of discretion dwarfed and constrained by an irremediable bias. I am convinced that the general instruction under secular influences in our public schools has a marked cosmopolitan and liberalizing influence, and is far more advantageous in permitting and promoting individuality of character than the kind of instruction most children would receive at home or in the sectarian private school. I have now in mind an instance in point. A wealthy gentleman of strong individuality and dominant will insisted on bending the natures of his children to his own ideals, making them adopt his theories of life and follow the paths which he marked out for them. The one who resolutely declined to conform to his wishes was disinherited. This is an admirable specimen

of "home-training" on the English model. No one has taught us more clearly than Mr. Spencer that the child has rights, even as against the will of the parent. With powers undeveloped by training, or rigidly constrained by parental or sectarian authority, the child enters manhood defrauded of the most essential of his rights—the right to his own individuality. The public school, imperfect as its methods may be, offers some hope of escape from the rigidly ordained destiny imposed by inheritance and parental authority, and a narrow, sectarian education. Let us be very sure that we are going to substitute something better before we abolish the opportunity afforded by the public school for a relatively free development of character.

The chapter on "Free Education" contributed by the Rev. B. H. Alford to "A Plea for Liberty," is written, it is needless to say, from the English point of view, and its arguments can hardly be deemed weighty as applied to our American situation. The great arguments urged by the reverend gentleman are that the free school will result in the weakening of parental discipline, and that the acceptance of an education without the payment of tuition will lessen its value in the mind of both parent and child and thus lead to a deterioration in the national character. Upon the first point he dwells most persistently, "Can the State be better than the persons composing the State? And can they be good without discipline? Now the discipline which has hitherto gone to the training of Englishmen has been of this character. The child has been brought up as a part of the small community called a home; there he has learned what submission to authority means, through being subject to his parents; there he has learned what co-operation means, through living with elder and with younger members of his family. \* \* Thus he is prepared in his turn to establish a home, to exert an authority of his own, and to teach obedience to others." Now, all this is very English and very un-American. "To exert authority and to teach obedience:" are there not higher ideals of life than this? Are the English people still children that they must be trained

to the perpetuation of this system of personal vassalage and autocratic surveillance? This is a good ideal for the Russian Czar to inculcate, doubtless, but it seems unnecessary to lay such stress upon it in England and America. A great teacher of ethics has indoctrinated some of us with the conception that the highest phase of morality is not that of obedience to authority, even in the form of an inward sense of imperative obligation, but that of spontaneity in right doing. Does not this principle apply also to citizenship? Is not that form of patriotism which springs from a spontaneous love of one's country and its institutions a safer foundation for national perpetuity than that which is the result of authoritative discipline in forced obedience?

There is a tacit assumption all through Dr. Alford's essay that education in free schools implies that the State will assume that control over the child which properly belongs to the parent; that the child will be forcibly removed from home influences. This assumption, however, is wholly illogical and unwarranted. The question is not between free public education and an entire parental supervision over the training and instruction of the child, for the latter course would be wholly impracticable in a vast majority of instances. The question is between public school instruction and private school instruction or no instruction at all. In the one case the parent may exercise as much control over the child as in the other. Discipline is no doubt an excellent and indispensable feature in the training of the future citizen; but it should be the sort of discipline which inspires a rational respect for law and order and a voluntary love of the right, rather than that of an unquestioning obedience to authority. There still exists in the English mind a relic of that instinctive love of brute authority which so long upheld flogging and "fagging" in the schools and the use of the "cat" in the navy; but this is not the sort of discipline which makes genuine patriots or creates a manly character. The true discipline, as Mr. Spencer has shown, is the discipline resulting from receiving the natural consequences of one's acts. "Savageness begets savageness and gentleness

begets gentleness. Children who are unsympathetically treated become relatively unsympathetic; whereas treating them with due fellow-feeling is a means of cultivating their fellow-feeling. With family governments as with political ones, a harsh despotism generates a great part of the crimes it has to repress; while conversely, a mild and liberal rule not only avoids many causes of dissension, but so ameliorates the tone of feeling as to diminish the tendency to retrogression." Mr. Spencer quotes approvingly in "Education" the saying of John Locke that "those children who have been most chastised seldom make the best men," and adds these wise words, which are as applicable to the school as to the family, and should be heeded by all who are concerned with the discipline of children:

"This comparatively liberal form of domestic government, which does not seek despotically to regulate all the details of a child's conduct, necessarily results from the system for which we have been contending. Satisfy yourself with seeing that your child always suffers the natural consequences of his actions, and you will avoid that excess of control in which so many parents err. Leave him, wherever you can, to the discipline of experience, and you will so save him from that hot-house virtue which over-regulation produces in yielding natures, or that demoralizing antagonism which it produces in independent ones." It would appear that Dr. Alford fears that the public school will regard this injunction too literally, and thus "apply an enervating doctrine to the roots of English (parental) discipline!"

Mr. Spencer lays down the rule, as a legitimate deduction from the fundamental principles of justice, that "the preservation of the species takes precedence of the preservation of the individual," and deduces from it the corollary that "during early life, before self-sustentation has become possible, and also while it can be but partial, the aid given must be the greatest where the worth shown is the smallest—benefits received must be inversely proportioned to merits possessed; merits being measured by the power of self-sustentation.

Unless there are *gratis* benefits to offspring, unqualified at first and afterwards qualified by decrease as maturity is approached, the species must disappear by extinction of its young. There is, of course, necessitated a proportionate self-subordination of adults ("Justice," p. 7).

There appears to be no good reason why the State should not recognize this principle as well as the parent, nor why a so-called "gratuitous" education—though this is a misnomer—should have an enervating effect on the mind of the child if conferred by the State more than it would if conferred (as it otherwise must be) by the parent. The recognition of this truth—that justice to children implies a radically different principle in the apportionment of benefits from that which applies to adults—effectually guards the public school from being used as an entering wedge for State socialism. The control of the child's education by the State under our American system has no logical force when used as an argument for State control of labor, as Dr. Alford intimates. State education may doubtless be sometimes advocated on socialistic principles, but in America it is not so advocated, nor could it here be used effectively as an argument for socialistic methods.

Moreover, while education is a gratuity to the child in any case, whether under a system of public or private control, it is in neither case properly to be regarded as a gratuity to the parent. The parent pays taxes in proportion to his means for the support of the public school, as he would be compelled to pay tuition for the private instruction of his child. The public schools in America could not exist for a single day if the main argument in their support was the pauper argument—the inability of the poorer classes to educate their children. They are maintained because they are believed to be of equal value to all classes in the community—a vital necessity indeed under our system of government as at present conditioned.

The government claims no exclusive right to educate its citizens. The private and parochial school are protected and recognized equally with the public schools by those communities which have adopted compulsory education laws. We

have many excellent private schools and seminaries all over our country, rendered more excellent, doubtless, than they would otherwise be, by the competition of the public schools, and reacting on the latter as a stimulus to improvement in their methods and accommodations. Thus the competitive principle freely operates in our educational system, rendering it fairly flexible and adjustable to the steadily augmenting necessities of our growing national life, and giving us practical results which, though by no means perfect, are reasonably commensurate with our present necessities. The dangers which English writers anticipate from a public school system have not been realized in our experience, nor do we anticipate their realization.

## The English Gang System.

### A BIT OF OMITTED HISTORY.

A little more than a hundred years ago the industrial evolution of England culminated in the final establishment of the wages and capitalists' system. Wage conditions had been gradually extending from the middle of the fourteenth century, but at the close of the eighteenth century the last ties of feudalism were severed and the wage system was finally established in all departments of industrial life. In agriculture as in manufacture laborers had become entirely differentiated from their employers, and there was a general reorganization of industrial methods. In manufacture the domestic system, in which every cottage was both home and workshop, was superseded by the factory system, where all processes took place under a single roof and all the machinery was driven by a single power; laborers ceased to have any ownership in the tools used or the product created, and relied entirely upon wages as a means of income. In agriculture the separation of laborer from lord was equally complete. Land owners had practically ceased to be cultivators and laborers had ceased to be wards. Agriculture was conducted by tenant farmers, and labor was performed by wage laborers. With this reorganization came the establishment of the gang system, which is contemporary with the factory system and is in reality a part of the same differentiating process.

Of the factory system everybody knows, because it has exercised a dominant influence upon the industrial and social conditions of England, and has been extended to all other countries as fast as they advanced in civilization. The horrors of the early factory system, therefore, are matters of familiar history to everyone. The efforts of philanthropists and statesmen have for generations been actively exerted to shorten hours of labor, improve social and sanitary conditions and secure educational opportunities to factory workers, until much of the poverty, ignorance, squalor and social de-

gradation that characterized their condition fifty years ago has disappeared, and they now constitute a great, active, intelligent, prosperous class in the community, to whose convictions parliament bows and royalty adjusts itself.

Of the agricultural gang system, on the contrary, almost nothing is known. It is not a necessary feature of advancing civilization, and was never adopted in any country but England. Unlike the factory system, therefore, it has interested neither historian, statesman nor philanthropist. It has indeed been ignored by everybody except English farmers who used it as a convenient system of cheap labor. With the exception of a brief reference to the subject by Thorold Rogers, and a mere mention of it by one or two other writers, the gang system has found no place in the pages of English history, and is little known outside of districts where it prevails.

For a number of years we had an opportunity of studying the actual workings of this system in its daily operation in Cambridgeshire and neighboring counties. It should be remarked that, in the greater part of the fen counties in England, a large proportion of the field labor is performed by women and children, farmers habitually keeping but a small number of men in permanent employment throughout the whole year. They rely upon the transient employment of women and children in numbers sufficient to perform a very large part of their field work, outside of that involving the use of horses, such as ploughing and the like. Gang-masters form employment agencies through which this transient labor is supplied.

The method is for women and children desiring employment to meet at about 7 o'clock in the morning at a given street corner, usually near the gang-master's house, with their implements in hand adapted to the work of the season. Farmers or their foremen desiring labor go to a "gang corner" and engage the number required, selecting them according to the work to be performed. If it be such work as gathering potatoes, picking quitch grass, weeding corn or vege-



tables, they will generally take children; if the work be of a harder character, such as digging potatoes, pulling turnips or mangel-wurzels, they take women. In this way laborers are despatched in small groups of from half a dozen to twenty or thirty, in different directions covering a radius of five or six miles. These detachments may work for the same farmer several days or weeks, or only one day; a week is usually a long time to work for the same farmer.

Gang-masters have a commission of a half-penny or a penny a day per head for laborers thus furnished. Each detachment is usually accompanied by a ganger, whose duty it is to see to it that all are kept diligently at their task. When a gang is composed of children a woman ganger is sometimes furnished, but for women and larger persons the ganger is usually a man, the head ganger himself going with the largest detachment.

At a certain hour those for whom there is no employment are sent home, and all the others arranged in quasi-military fashion are despatched to their respective destinations. The ganger generally walks apart, or, as is sometimes the case, rides on a small pony or donkey. In this way they march, carrying their forks, spades, baskets or other implements, from one to five miles to and from work.

When working, they are arranged in line all abreast, the ganger walking behind with his willow stick in hand as if driving a flock of sheep. If for instance they are weeding a wheat field, each will be apportioned a certain number of rows, varying from three to six according to their wages, which range from ten to twenty cents a day, women sometimes reaching a shilling (twenty-four cents). They each walk with one foot in the outmost row of their tract; and it is not at all unusual for them to walk stooped in this position the whole length of a large wheat field without once straightening their backs. Indeed, to straighten up is a misdemeanor which is very likely to bring into action the willow stick. Corporal punishment at the hands of the gang-master is a frequent occurrence. Being behind the gang with

one's work, slighting of work, failing to keep up with the gang in its march, and almost every other departure from regulation movement, is a misdemeanor corrected by a blow. We saw a form of punishment administered called "the stocks," which of course was limited to boys. It consisted in having the victim place his head between the thighs of a ganger, while the latter applied a certain number of stripes across the tight part of his trowsers. When wheat or other crops are more than a foot high, they are liable to be injured by the weight of women's clothes. In order to avoid this it becomes necessary for them to adjust their skirts in the form of tights, by the use of bandages round the limbs.

The gangs are exposed to all kinds of weather. It frequently occurs that, after walking several miles to their work and getting thoroughly wet, it is decided to be inadvisable for them to work, in which case they get nothing for their time, except perhaps fever and ague, which is very prevalent among them. They commonly begin work however while the ground is dewy and during the first hour get their clothes wet through to the waist, in which condition they continue to work all day. And all this, as we have said, for from ten to twenty cents a day.

The hardships accompanying this system are incredible and almost indescribable. It is of course hardest on children, most of whom enter the ranks at the early age of eight or nine years. It is not an uncommon occurrence for these little ones to drop through sheer exhaustion by the wayside, as the result of their hard work and long tramps. Thorold Rogers speaks of them as often being housed in barns without even a pretense to decency. He says (p. 511).

"I do not remember, in the very extended study which I have given to the history of agricultural labor and wages during the six centuries for which there is recorded and continuous evidence, that, in the worst experiences of the laborer, he was till very recently open to the risk of having his young children of either sex taken from him, and put under the care of a gang-master, with a view to their laboring in the fields,

being housed for the night in barns, without the pretense of decency, not to say comfort, and apart from the obvious degradation of their condition, exposed to the coarse brutalities of the manager of children's labor. But in the Eastern countries it appears to have been till recently the practice, perhaps still is, for farmers to contract for the services of agricultural gangs, *i. e.*, of crowds of children set to work under an overseer who had hunted them up. The practice, I remember, was defended on the ordinary ground of cheap labor being a necessity for profitable agriculture."

Of course the secret of the prolonged existence of the gang system is that it has been an efficient means of furnishing English farmers with cheap labor. It has enabled them for generations to get a large part of their field work done by women and children at a few cents a day. This makes it necessary to employ men only on such work as is beyond the physical power of women and children to perform. By supplying labor transiently, it has relieved farmers of the responsibility of furnishing employment to a regular set of laborers. The consequence is that large numbers of laborers are able to obtain work for only eight months in the year. Gang labor is almost entirely suspended in the winter months, and a considerable part of the male labor. Indeed it is rather the custom of English farmers to give employment in the winter months only to the small number of laborers necessary to look after the cattle, and those who work with horses, who are known as "regular men." This is such a permanent part of the life of agricultural laborers that, in many districts, it is an habitual custom for a large number of whole families to go to the workhouse in the winter. We have seen many families of five or six, three or four of whom were able-bodied workers, go bodily into the poor-house for several years together. Thus, instead of having wages legally fixed by magistrates at a low nominal amount and the difference necessary to sustain the laborers made up out of the taxes, as in the eighteenth century, by the aid of the gang system farmers are enabled to pay the minimum living rate for three-quarters of the year,

and have the laborers supported by taxation the other quarter, the result of which is practically the same.

Another feature of English agricultural life is the "gleaning" system. In harvest time, immediately after the crops are gathered, the wives and children of laborers go over the wheat fields and pick up such stray ears of the wheat as the harvester has failed to catch. These gleaners cover about the same territory as the gangs, being limited to their own county, as gleaners in other counties will resist their encroachment; indeed, intrusion into another county will frequently cause a physical encounter, in which women will fight as fiercely as red indians—so sacred do they regard this privilege of gleaning. They take with them a three or four bushel sack, and when filled carry it on their heads or shoulders, or tied on their backs, often going from three to five miles in pursuit of such a load. In this way a very large number of families procure wheat from which their winter's bread is made, and without which they would be compelled to resort to the poor-house. It is unnecessary to say that the social condition of laborers whose living is obtained by such means must be low indeed. One or two rooms in a thatched hut, with the meagerest furniture, with practically no education and consequently dense ignorance and squalor, may be naturally expected as the fruit of such industrial conditions.

A few years ago, Dr. Fraser, Bishop of Manchester, who had just served as a member of an agricultural commission, in describing the condition of agricultural laborers said: They huddle together in mud cabins, frequently under conditions which compel the eating and sleeping, births and deaths of large families to take place in the same room." And Lord Shaftesbury, in an address before the British Social Science Association, speaking on the homes of agricultural laborers, said: "Dirt and despair such as ordinary folks can form no notion of, darkness that may be felt, odors that may be handled, and faintness that can hardly be resisted, hold despotic sway in these dens of despair."

At the beginning of the century the condition of agricul-

tural laborers in England was fully as good as that of factory operatives—Rogers thinks it was better. It is true that, during the first third of the century, the conditions under which English factory laborers lived and worked were nothing short of brutal. Children working fourteen or more hours a day, pursued by a heartless overseer with a strap to keep them awake, and in coal mines harnessed to wagons like oxen, this was indeed as bad as the worst forms of the gang system among agricultural laborers could possibly be. But fifty years ago Parliament was compelled through the pressure of public opinion to intervene in behalf of factory workers, and from 1819 to 1880 every parliament has passed some law looking to the improvement of their condition; until hours of labor have been reduced to about nine and a half per day and half-time schooling given to working children as a rule; work for women and young children has for fifty years been made illegal, and in the meantime wages have been more than doubled. In short the social standard of living, intelligence and political influence of mechanics and factory operatives, as we said, has been so revolutionized as to enable them to exercise a controlling influence in the public policy of the nation.

But meanwhile agricultural laborers have been practically ignored. Until a few years ago, when Joseph Arch endeavored to organize his fellow workers into a union, their condition was very little better than in the first quarter of the century. Just why such a marked social improvement could take place in one part of a country, and such utter barbarism continue in another, is a problem that can only be understood by a study of the industrial history of the country and the social and economic influences which determine its social advance. Perhaps our Free-Trade friends who are so zealously trying to persuade our farmers to abandon Protection, will explain why it is that, with nearly half a century of Free-Trade, the agricultural laborers of England are still among the most ignorant, squalid, poverty-stricken people of Europe, the improvement in their condition hardly having kept pace with the general advance of the human race.

## Current Economic Discussions.

In the *North American* for December Admiral S. B. Luce gives us his reflections on the benefits of war. He says, "Scourge though it be we recognize war as an operation of the *economic* laws of nature for the government" of man. "War is the malady of nations; the disease is terrible while it lasts but purifying in its results." As if disease were an advantage to a man, "purifying," "chastening" and the rest of it! Is not the real truth just the contrary of this? Killing men is killing men, little good to the living and less to the dead. The valiant admiral's rhetoric about Marathon, Salamis, Persia, "the eagles of Cæsar," and the rest sounds familiar. It recalls our academic days and the Sophomore class. We trust our gallant officer may be more successful with a ship than with his pen. Like many another excellent warrior, he finally rubs in his christianity with his prowess, reconciles the love of God with the slaughter of man, and so ends with "War is the ordinance of God." So also perhaps are theft, murder, rapine—and the bandit is God's minister as well as the priest. Why not? He also survives as war does. *Economic* however, if we may venture a word on our own ground, war is not. It does not increase social complexity, nor the production of goods, nor the comfort of the masses, nor diversify industries, nor raise wages, nor do anything except reduce men to a low, monotonous and barren industry. The good Admiral is perhaps blinded by professional bias in favor of a calling which is rapidly descending to its nadir among civilized nations.

Mr. Robert G. Ingersoll also deploys into the field (new for him) of economics, under a parable (he is nothing if not scriptural) of three philanthropists; one who took all he could get, made a fortune, and used it to build churches and endow societies for the spread of civilization; a second who also took all he could get, believed in the law of supply and demand

and lived up to it recklessly—leaving each to take care of himself; a third who made all his workmen share his profits, and built no hospitals but let his men build up a thousand houses, homes for themselves. Mr. Ingersoll is always benevolent, in fact benevolence is his forte. And it is easy to be so—on paper. Excellent sentiments are always commendable.

Mr. Ingersoll's three parables have the good fortune to deal with three successful men—easily successful as it would seem. But supposing his last philanthropist in his easy way shaved so near the margin of profits annually that he had to go over into bankruptcy the first bad year, and all his happy families were thrown on a cold world to seek new employments difficult to find because the year was bad. Would not philanthropist A and B, who might struggle through, then prove to have done better for their men on the whole, since they need not close up, but only reduce production for a time? It is lovely to be benevolent, but it is better to be sound and solvent at all times and not to make wide-spread ruin by bankruptcy. Mr. Ingersoll forgets that Nature has blizzards as well as flowers, and that men who remember her severities are safer than those who count on unclouded skies. Economics are beneficial but they are not sentimental. We should like to see Mr. Ingersoll's three philanthropists in action on the verge of bankruptcy with adverse conditions. They are good sailors who know how to weather storms.

We do not say that A and B would pull through and C be ruined. A good philanthropist would make his grateful workmen turn in and help C through by lowering their own wages perhaps, and so save his establishment. But really then it would be too late for that. The times would be out of joint, goods unsaleable, and nothing would do but to stop the works. The margins of the economic business man would carry him through; the want of them would destroy the other and his works with him. "'Tis *this* conscience that doth make cowards" of many business men, who would fain be philanthropist otherwise.

In the *Nineteenth Century* for December an article on "The German Newspaper Press" by Charles Lowe shows that the German press is largely under the control of aliens. It is limited as to news, crippled in circulation, lacking telegraphic enterprise, and received by the public with indifference. Extra editions are rare, and large street sales to the general public anxious for the latest news are unknown in Germany.

The reasons given for this general inefficiency is the paternalism of the German government. The Imperial vote so far out-balances the popular vote that public opinion is powerless on State questions. All personal chat about those high in power, and therefore interesting to the public, is suppressed. The literary merit is low, as the best brains of the nation are absorbed by the government, and press censorship makes all independent thought an expensive luxury.

These strictures are technically true, but of course the fault lies in the social condition of the people, of which such a government is the natural representative. Like master like man, and vice versa. The German workingmen, i. e. the masses, are too poor to care about news or government or censorship of the press or any of those things. Where men are very poor the daily effort to live acts as a fire to burn up every other thought. The American workingman now reads his daily paper to and from work and takes an interest in public affairs, because his wages permit him to have leisure and use his time as he will. Paternalism and poverty go together. The poor man needs care and gets it. Let him begin to take care of himself and get well off, and he will shake off paternalism as a dog shakes the water out of his neck when emerging from a bath.

The first luxury that a laboring man drops is his daily paper. Anything that affects the general prosperity of the public immediately appears in the circulation books of the great daily journals. A severe cold snap calling for an increased expenditure in coal, a strike, a business depression, will cause a drop of several thousand in the sales of a large



daily. The wives usually control household expenditures, and the men are more apt to read the papers, so that the easiest thing for the household banker to economise on is her man's daily paper. The public in buying its papers is just as discriminating as in purchasing its groceries. Each man buys the news he wants, and the supply will naturally bend to the demand. If the daily paper is limited as to its field of vision is meager in telegraphic reports and illiterate in style, its readers are at fault, not the editors. The power of the press is great, but the editor who is too far in advance of the masses finds his cash box empty and his work wasted over the heads of a careless public.

Mrs. Henry Fawcett in the *Fortnightly Review* for November writes on the "Emancipation of Women" in a direct and forcible way worthy of much praise. Incidentally she attacks Mr. Frederick Harrison's article on the same subject in the previous number. She brushes the dew off from his false fine sentiment and operatic posing for the purity, tenderness, refinement, etc., etc., of the female sex with unquailing vigor and unfailing good sense. She shows what no student of economics could fail to know,—that the emancipation of woman is at bottom, like every earthly question, one of economics solely, or the question of how to get the means of subsistence regularly, amply, satisfactorily. She justifies the pushing forward of women into every occupation for which they are fit, as the only step forward towards their emancipation which can possibly effect the result at which they aim. She sees clearly that "eating the bread of another" means dependence upon that other and subjugation to him. She also sees that such dependence necessarily demoralizes the whole class of women, making the married slaves, and the unmarried hangers-on, whose condition is at once degrading and depressing.

The sooner women realize the truth of her position as a theory and boldly act upon it, the better it will be for them. They do indeed act upon it, and have always been obliged to

do so, nature being a quite a-sexual tyrant and giving no heed to trivial differences. Natural laws starve women as indifferently as they do men, and find it no more harm. The recognition of woman's place in nature as being primarily that of a female animal, whose first business it is to get a living, and whose second to get a good living, would do much to sweep off the cobwebs of barren sentiment and unproductive rhetoric which pass current for reasoning on their social status. When women at large are aroused to the fact that this is their actual status in nature—the mere hard unquestionable fact of existence, the alleviation of their lot in general will become rapid. Industrial emancipation is in truth the only emancipation there is for either man or woman, since the development of such industries as make living easier and fuller produces the only relief from degraded poverty or continuous toil which the nature of things permits us to find. We may call it a coarse necessity—a wretched condition, a hard-drudging tyranny, but with all our railing we shall never rail it out of existence, since it is of nature, which is deaf and blind to praise and blame alike. No individual, no class, no nation has ever risen in the world except it first succeeded in wresting the assurance of a good regular living from nature, and none ever will. Those who apply to society for it will not get it. Society has no surplus large enough to provide them with it, even if it would. Nature alone has the resources sufficient. And the application to nature must be made through work. Work is the only prayer she heeds. When then all women come with that, as some are now doing, their position in the world will be no more in question than is man's position at the present moment. The position of independence is always beyond question everywhere, and earning one's own living is a position of independence compared with getting it by dependence, from some one else.

It is a curious example of the dimness with which one sees through a social environment, that women are always discussed, as if for them at least it were better to get no living and so perish rather than to "unsex themselves" as the cant

goes, by working for a living. As if no existence were preferable to one with some drawbacks to maintain it. The position is quite absurd; as, on that basis, man might also reject life because of its toils. First get a living, then use it well, is the true principle, as Mrs. Fawcett courageously asserts.

Miss Bentham Edwards in the *Fortnightly Review* for November remarks upon the French parsimony and habit of saving, in a consciously self-contradictory fashion. She finds it to have its dark and bright sides, nor does she indicate what would be the golden mean between excess and defect, as Aristotle puts it. She finds on one side "aspects of thrift which are bracing, agreeable and wholesome;" and on the other that a desperate ambition "for a competency" (not for wealth) makes the French task-master or mistress hard, cruel and exacting to a frightful pitch. The general effect (we are told by others) outside of great cities is debasing and sordid beyond words. The French peasant is capable of any crime for money or land, and his greedy parsimony ruins his standard of living, ruins his domestic and social life. Meanness penetrates his soul. The worst of all is that economically the Frenchman is on the wrong road, though Miss Edwards does not think so. It is not saving that makes rich in any social sense—it is raising the standard of living. A community of misers with their stockings full of gold, which they will not use, are no better off than if the gold were left in the mine. Wealth is in things and the use of things, and if the French peasantry would spend their money for things the whole community would thrive more and real wealth increase faster. Consumption increases production; more production calls for increase of labor, which multiplies wealth. All the niggardliness of the French is but a hindrance to progress of every kind. It isn't how much money the working classes have in the savings banks that shows their real wealth, it is the scale of living which they employ, the excellence of their houses, clothing, food, the education of their children, and their general social life. Wealth in the form of hoarded money and pinched life

is but a mockery of the real thing which wealth should stand for, namely, a free and generous existence living up to its opportunities.

Of course so far as the French are less wantonly wasteful than the English or ourselves, they set a good example, but of the two extremes—wastefulness and parsimony, the first is by far the better and leads to more. One can see this in the history of the English and French nations. The English spreads itself over the whole earth, conquering and to conquer in a large spirit of using the world; the French stick at home and save centimes in a narrow, limited, unchanging environment. A man is in the world to consume, not to abstain. Abstinence is a form of death.

T. F. O'Rourke, President of the Hat Finishers' Association, asserts in a late address that "some districts have suffered from the introduction of improved machinery." He adds that "it is not desirable to oppose machinery....yet many shops are putting in machines which, with the assistance of the boy system prevailing in Philadelphia, will work great injury to us." The readjustment of laborers consequent on the perpetual invention of improved machines is a source of perpetual disturbance everywhere, and always has been in civilized societies. So are changes of fashion—as when shoe buckles went out, a large body of buckle makers were brought to destitution. Both, however, are only a part of the general social movement, which is incessant and endless. No fixed status is possible in a universe of evolution. The only way the individual can keep his place is by evolving also and enlarging his range of industry. The workman must be flexible and quick to learn new things. He must cease to think of stopping the flood of novelties and learn to swim in it. Business men of all kinds are troubled by the same instability of affairs. He who will not change is submerged, he who changes with the times gains by the time's changes. It is hard and requires activity, but there is no other way. New machines cannot be prevented; nor should they be, since they enrich the world

and have made the workingman's progress to be what it is already. He never had a fraction of his present comfort till steam machinery began to do his work for him. House, clothing, good food, education, clubs, newspapers, all his advances are the result of modern machinery. It is the atlas which carries the world's welfare on its shoulders; every bit of work it does is so much lifted from the strain and drudgery of the laborer as well as of the rest of us. By cheapening production it increases consumption, which calls for more labor, which new labor is easier than before the machine went to work. Think of the toil of the old-fashioned farmer in harvest, compared with that of him who now sits on his reaper and binder in comparative ease all day! The workman who learns to understand new machinery rapidly, and helps to work it is the man of his time, and this should be the model and ambition of all. The times reward the nimble and quick-witted—which all should make haste to become. And the duty to do so is laid upon them by nature, not by society. Society cannot prevent men from thinking out improvements which nature puts into their heads. And therefore the workman must keep himself right with nature, as indeed he is learning to do.

A correspondent begs us to give our view on "the construction of a machine to make better voters to cast the blanket ballot." That is just what we are at with our SOCIAL ECONOMIST. He must give us time however. It has taken sixty centuries to make any sort of voters, and he must not expect the best as a mushroom growth over night. Society only requires voters to represent itself—not angels to vote the best. A social movement is slow because men are slow and cannot see at any time any further than their development permits. They vote accordingly. And our correspondent is doing well meantime to exhort everybody to do better. He seems to imply, however, that voters to-day are worse than they used to be; but that is not so. Our social condition is every way better than that of our fathers, when even gentlemen and

clergymen did not mind getting drunk now and then. "The biggest rascals" are not in the highest offices, and if they are, they are still better than the best of Queen Elizabeth's time, when even a lord chancellor was expected to take presents from suitors.

He also wishes another machine for preventing Presidents from appointing wicked politicians to office. But the appointees represent the average wish, and that is as good as society will bear. Let our friend diffuse sweetness and light about him everywhere, and so help to improve our citizens. They are the machine he asks for.

## Money and Currency.

BY REV. JESSE H. JONES.

I write to promote clear and correct thinking, and practice that makes for human welfare.

Money is any commodity which is used by the common consent of the community as at once a measure of values and a medium of exchange. This common consent may be expressed either through general custom or statute law, but in either case alike, the result is money.

A commodity is a material object obtained or produced by labor. Gold is obtained by labor. A watch is produced by labor. Money must be a commodity, and nothing but a commodity can be money, but any commodity can be money which the people use as such. For instance, sixty-five years ago up in Essex county, N. Y., in the southwest part of the Adirondack region, gold and silver were not money, for there was none there to use; but pig iron, spruce-gum and whiskey were the three commodities in terms of which all business was done. No one would make a bargain in gold or silver, because there was none there to meet it with, but only in one of those three commodities. They were made money by custom, and custom made them money, because there was no coin there to use, because these were there in plenty, and because these would always be taken like cash in Albany in exchange for other goods.

Note that in the order of nature and of time there must be commodity before money. On reflection this will be so plain that argument is not needed. Then note that with the production of commodities there springs up by nature in man the desire to exchange them. This desire to exchange necessarily brings in the sense of the need of a common measure for all the commodities, so as to make the exchange easy and equitable. This sense of need springs from the fact that commodities cost labor, and this in greatly varying quantities; but honesty requires equality of labor in exchange. So the peo-

ple take one or more commodities which are stable staples—always plenty, always in demand, and always of about the same labor cost, or at least as near as may be—and they grow by experience to a common consent to use these commodities as their common measure of values and their general instrument of exchanges; that is, everybody will take them in exchange for any goods they may wish to sell. Thus the commodity, while not ceasing to be a commodity, becomes money. Now nothing is or can be money except a commodity so used; and any other definition than this is an example of confused thinking, and tends to chaotic practice.

Money has two clearly distinct functions,—one that of measuring values, the other that of being an instrument of exchange, and these two must be clearly and completely discriminated for clear thinking and right practice concerning both. Thus when one man said, This sheep is worth one hundred pounds of pig-iron, and the other man said, These ten fowls are worth ten pounds of pig-iron apiece, pig-iron was the common measure between the two other commodities; but when the two were exchanged directly for each other, the iron, which was the common measure of them both, was not the instrument of exchange. But if one man bought a sheep for a hundred pounds of pig-iron, and the seller of the sheep took the iron money and bought of a third party ten fowls, then the iron was both the measure of value and the instrument of exchange. This may seem very elementary and simple, but it needs to be stated frequently with great clearness, explicitness and emphasis in order to get to the true and final solution of the money problem.

Now comes a question that makes the next stage in our line of thought: Can the two functions of money be so separated that, as money can be used as a measure of value and yet not as an instrument of exchange (as in the case above stated), so something representative of money, but not money at all, can be used as an instrument of exchange while it is not at all a measure of values? The greenbacker answers the question: It is a paper in terms of money and representing money, pro-



vided by the people to effect exchanges with, while yet it has no power to measure values. The general name of the paper ticket is currency, and this name applies to any form of it that passes current among the people as an instrument of exchange.

The bane of the greenback movement has been confused thinking right on this point, and the greenbackers have been beaten in argument constantly, when they had the right of the case (for substance), because of this confusion. They have constantly insisted that paper tickets measured value, the same as coin or any commodity used as money. They think and claim that when we say dollar and pay out the paper ticket, that ticket is the dollar we say, and measures the goods we buy instead of representing merely the real coin dollar which does measure. This just confuses the whole case, and enables the bullionists to win the argument every time when the necessities of societies require that they should be beaten to death. I will endeavor to point out the right and wrong in both greenbacker and bullionist.

The bullionist is wholly right in his position that only commodity can measure commodity, that only what contains value can measure value, that only commodity money is real money. Nothing can be discounted from his position on this point. When one can measure out kerosene from a barrel with a string, than can one measure values with an intrinsically valueless piece of paper; but not till then. The idea of measuring values by that which is intrinsically valueless is absurd; and that the greenbackers do not see this while yet they are maintaining an important, yes, an essential financial truth, is a serious difficulty.

But the bullionists are only a little better off than the greenbackers. They maintain what is false where the latter maintain what is true. Here is the greenbacker's real truth. The bullionist has no adequate idea of the national ticket of exchange, or its necessity in the commercial exchanges of modern society, especially of the part that government must play in providing this ticket for the exchanges of the plain people as distinct from those of the chiefs of commerce. The green-

backer has this adequate idea, and however confusedly he holds it and explains it, or philosophises about it, he still has it; and it is a true idea, and alive and essential to the conduct of society in effecting exchanges, and is sure to grow and win. I divide this truth into its parts.

The first part of the greenbacker's truth is, that it is an *essential* function of the nation to provide the tickets of exchange, and that this is an integral part of the right to coin money, whether that part was discerned by our fathers who framed the Constitution of the United States or not. To coin money means to establish what is in itself at once a measure of value and an instrument of exchange. But in the nature of the case this right carries with it the right to discriminate these two apart when it can be done, and to establish an instrument of exchange by itself. This is the war greenback, which is yet to prevail.

The second part of the greenbacker's truth is, that all the movable, commercial products of labor and all the present labor embodied in the persons ready to put that labor forth,—the sum total of all these measured in coin or commodity money, together constitute the real foundation of the ticket of exchange, and not merely that small part which is composed of coined metals. Land and things belonging with the land are not in any wise fit to form any part of the basis for the national ticket of exchange, because they are not *movable*, and the being movable is essential to the being fit to form a part of the nation's stock which underlies the nation's bank. But the movables do all underlie it through the right of eminent domain and taxation, and through the right to draft persons into service. In the three rights—the right to coin money, the right to levy taxes, and the right to draft persons—combined together, the State possesses the inherent right to become a bank based on all the movable wealth and all the personal labor of the country measured in the appointed commodity money. This enormous fund of wealth and labor is abundant as a foundation for the nation's banking work in the issuance of all the paper tickets of exchange that are needful

for the use for which they are provided. The labor foundation of these tickets is manifested in the fact that they must be taken by all government officials in pay for their labor and that the tickets are preferred to the coin.

The third part of the greenbacker's truth is, that he has found out the nature of the service of these tickets, and the law of their limitation. In the nature of their service they are simply tickets of exchange. They no more contain wealth than a deed of land contains wealth. The tickets and the deed both represent wealth, and each in its own way enables the holder of it to lay hold of wealth, and yet they are not wealth, while coin money is wealth. But they are the nation's certified checks, in the nation's clearing house, of the nation's exchanges,—the most convenient instrument possible to effect all those exchanges with,—as much better than any private clearing-house checks can be, as the nation is richer, stronger, and possessed of more and greater powers than any private body of citizens can have. But the greenback is only the nation's legalized, compulsory check to complete exchanges with, and is not in any way a measure of values.

Being thus mere paper tickets, though made by the nation, only representing and containing wealth, and being makeable at will, the question arises, What is the law to determine the amount to be put out, and the limit of that amount? Plainly the limit is the use for which they are provided. They are the instrument for all the people in the nation to effect their exchanges with, especially their personal ones. Then there should be full enough of them for that use and no more.

Spot cash is the ideal of traffic. Spot cash is possible only when there is enough cash in the country in circulation to go round, so that it will be physically possible for everybody to have in hand every day what cash they need to pay cash down for every purchase they have the means to make. That is, take the sum of all the retail purchases made in the country anywhere everyday (to begin with), and there must be tickets of exchange enough out so that they all can be made for spot cash, and without that amount a spot cash system is impossi-

ble. Such a system is essential to the financial health of the nation. Only by such a system can the poor and weak be protected against the rich and strong by the very constitution of society. Only by the war greenback, perfected and expanded to meet the whole financial need of the plain people so that every day every where they can get them by their labor to pay spot cash for what they buy, can Shylock be slain; and by that weapon he will be slain.

But, again, the volume of retail (personal) purchases is steadily increasing, as the volume of goods is steadily enlarged by machinery, and the volume of the tickets must be enlarged to meet it. Increased rapidity of exchanges will in part make the same volume of currency answer for an increased amount of goods; but the increase in the latter is too great and rapid for the former to be quite adequate. Hence the volume of the tickets must be increased in some measure according to the increase in the volume of the goods produced; and this must be without any reference to the relative volume of the precious metals,—must be, even if relatively or even absolutely the volume of the precious metals should diminish. Traffic must not be chained to a log, even though it be a log of gold, or gold and silver.

Now it will justly be asked, How shall the volume of currency needful for spot cash be ascertained? I answer, By the same kind of intelligent, prolonged study of the actual exchanges of the country, especially the retail or personal ones, as has been given in the last two hundred years by life insurance companies to the ascertaining the average expectancy of life. A currency bureau that shall be as devoted to getting the daily or weekly exchange movements of the plain people, as the weather bureau is devoted to getting the changes of the weather, will make it not long before the currency will become entirely manageable, and spot cash the land over will be approximately attained. Nothing is needful but sense and purpose—the same capacity that has built up the life insurance system. And to begin with, let us use what experience we have had. In 1861-65, before the contraction began, the

currency amounted in round numbers to \$50. per capita; and our business was never so near a spot cash basis as then, and the percentage of failures was never so small.

The fourth part of the greenbacker's truth is the entire abolition by law of the legal tender quality of coin money, and making the national ticket to be the only legal instrument of exchange. This does not involve stopping the coinage of the precious metals. That will continue the same as now, perhaps under better conditions. Nor does it involve making contracts to exchange coin for goods illegal. All it does is that coin shall not be legal tender between people in payment for debts. The practical effect will be to drive all coin out of use as an instrument of exchange—a most important and valuable result. Spot cash, with paper tickets for the cash, is the ideal system of exchange for the plain people in their great national clearing house; just as spot cash with the certified check of the private clearing-house is the ideal system there. Just as traders do all they can not to have to cart coin around, but keep it stored in some vault and work upon it on deposit; so the people should not have to carry coin around, but should work upon it stored up in the government vaults. Thus do I unfold the greenbacker's truth, and this truth the bullionist must learn by heart.

But the bullionist has a truth which the greenbacker must learn by heart also. How shall the fact that the paper ticket represents the coin actually be expressed in practice? It must be expressed adequately in order for the system to work. The confidence of men in the ticket (i. e. the greenback) can be maintained, and so the exchanges be equitable and wholesome, only as the fact that the ticket represents the coin is sufficiently expressed in practice. That sufficient expression can only be made by the government giving coin for the ticket whenever the coin is called for. This is the act in which the representative nature of the greenback ticket is recognized, and this recognition the government must ever be ready to render, with certain limitations which are reasonable and easily understood. The paper, silver, and gold must be exchangeable, and then under the conditions prescribed above the paper only will be used.

There is one other condition in the present stage of the mental development of mankind that must be distinctly understood and provided in order to have an adequate amount of ticket currency provided for our people, so that they may make all their exchanges at the best advantage for spot cash. This condition is, that the bulk of the precious metals shall belong to the government and be stored up by it. The mere fact that they are there, being known throughout the land, will give ample stability to the currency unless the volume of it shall be made too large, against which the moral and intellectual integrity of the community must provide. To secure this condition the following rules must be observed:

First, although only the paper ticket is legal tender money, the government must receive all gold and silver that is offered to it for dues, and it may require all duties to be paid in them. As the government has the best storage in the land without rent, the bulk of the precious metals will naturally flow in to it for safe keeping.

Second, although under ordinary circumstances the government will redeem the national ticket of exchange in coin, there are extraordinary circumstances when it will not do so. One of these will be when there starts a considerable flow of gold out of the country. The moment such a flow becomes large enough to be realized, the Secretary of the Treasury will suspend by proclamation the redeeming of paper in coin, and keep it so till the business managers get over their flurry. This will force the settlement of balances by setting products against products other than gold, and shortly the demand for gold for export will cease. Thus, with the same capacity of management and integrity in the conduct of our financial system as has been shown in the conduct of our system of life insurance, the time would not be far when the greenback would be our only instrument of exchange, when spot cash would be the custom of all trade, when debts, except on a land basis, would be almost unknown, and Shylock would die and be buried.

As this system grows into our economic national life, which it is doing as irresistably as springtime grows up in nature, all those historical lessons from dire calamities, which the century is teaching with such twisted sincerity and misapplied earnestness, will fade out before the human mind, and die away into the limbo of human disuetude and forgetfulness, as utterly as the laws of human slavery are so dying out. The century's hindsight is clear and keen, but its foresight is so blurred that

it does not discern at all those differences in the case which make what it deems wisdom folly.

We publish the above article because it is a forceful representation of the greenback theory of money, although we are compelled to disagree with many of the writer's positions. Mr. Jones presents as the three "great truths of greenbackism," (1) that it is an *essential* function of government to supply the currency. This notion is neither new nor true, it is not essential that the government should do anything except it can do it better than private citizens can. Private citizens now furnish 95 per cent. of our currency, and they supply it much better than the government does the remaining 5 per cent. The next step in the evolution of finance should be towards taking the remaining 5 per cent. out of politics and not putting the other 95 per cent. back again, as the "spot cash war greenback" idea implies. (2) But the assertion that all moveable products of labor and labor itself "constitute the real foundation" for issuing currency, is the cardinal fallacy in our friend's theory. This was the fatal idea in John Law's famous scheme, and has always been the weak place in greenbackism. Representative money can never safely be based upon any kind of wealth which will not be currently accepted as money in any community; hence a promise to pay in these commodities would be useless. Nothing but the coin the paper represents, or the commodity of which the coin is made will fill that function. Therefore no other form of wealth can be a safe basis for representative currency. A currency based upon non-circulatable wealth is simply an irredeemable currency which in its very nature is unworkable. (3) Nor is the third point, that the amount of currency should be limited only by what will enable everybody to buy with "spot cash," any more tenable. "Spot cash" is the method of barbarism, and credit that of civilization. To return to a "spot cash" method of doing business would be like returning to hand labor and stage coach methods of production, and be about as impracticable.

(Ed.)

## Editorial Crucible.

Correspondence on all economic and political topics is invited, but all communications whether conveying facts, expressing opinions or asking questions, either for private use or for publication, must bear the writer's full name and address. And when answers are desired other than through the magazine, or manuscripts returned, communications must be accompanied by requisite return postage.

The editors are responsible only for the opinions expressed in unsigned articles. While offering the freest opportunity for intelligent discussion and cordially inviting expressions of well digested opinions, however new or novel, they reserve to themselves the right to criticise freely all views presented in signed articles whether invited or not.

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THE SERIES on Rational Protection is omitted in this issue through the illness of Mr. Gunton.

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WE PUBLISH in this number an article by Mr. Alfred Dolge, on "Economic Distribution of Earnings vs. Profit Sharing." We call special attention to this article because Mr. Dolge is one of the few manufacturers who is really interested in a scientific solution of our industrial problems. Although probably the largest manufacturer of piano materials in the world, he has risen above the plane upon which most business men view social questions. He has endeavored to study economics from a broad social standpoint, regarding the industrial and social advancement of the masses as the foundation of our national prosperity and civilization. From his view the prosperity of individual capitalists is most surely promoted by securing the social welfare of the laboring classes. As an evidence that Mr. Dolge practices in his every-day life what he preaches, last year at the annual meeting with his employees, which he calls their re-union, he reduced the working time of his factory from 10 to 9 hours a day, and increased wages 12 per cent.—all without being asked. This was entirely independent of his system of insurance and economic distribution of earnings, the principle and method of which he



presents in the article referred to. We commend the article to the serious consideration of all who are interested in promoting a rational and economic adjustment of industrial relations.

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THE NEW CUSTOMS UNION in the Dreibund will do more to unite Italy, Austria and Germany in one solid confederation than all the other treaties that could be written on paper. This will develop internal relations between the three, until business and society are so interlaced that they cannot be torn apart. They are protected against the outside world meanwhile, and so for a time will be thrown in upon each other and a new integration will arise including the three in one industrial evolution. This is economics in action and exemplifies the policy of the Republican party at home, namely, to solder fast the internal relations of the States by excluding foreign relations such as might weaken domestic ties. The *New York Times* looks upon the Dreibund movement as one towards Free-Trade,—which is much as if one should look on the admission of a new State to our Union as a Free-Trade act. So long as there is a limit anywhere, no enlargement means Free-Trade, as enlargement only contemplates a discriminated and arranged intercourse such as cannot threaten existing interests, and this is the essence and rule of rational protection.

The German Emperor has given new proof of his sagacity in the wise and guarded terms of his new move. He also holds it to be of the very first importance. He probably does not hold the *Sun's* view of "Economy before Economics."

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A CORRESPONDENT, remarking as to our late article on Malthusianism, insists that, after all, Malthus is right in his proposition, and our argument runs off into foreign considerations not relative to his main contention. Malthus says that population tends to increase in a geometrical ratio, whereas the food supply tends to increase only in an arithmetical ratio;

that therefore inevitably population must overtake food supply and end in starvation. Malthus's error really lurks in a mistake as to matter of fact. It is not true that "population tends to increase in a geometrical ratio." Nowhere in the world has any people shown any *actual* tendency to increase at a geometrical ratio. It is only a theoretical mathematical possibility and is as true of codfish as of men. What Malthus was thinking about was that population *might* increase at a geometrical ratio if men went on breeding as fast as they could. But they do not, never did, and never will, nor do they even tend to do so. First, because they do not want to. Second, because the same natural conditions which check the undue multiplication of deer or rabbits check the human increase. Population presses to the limits of subsistence but reaches other obstacles long before it reaches the food supply limit, and is checked by those long before starvation sets in. When Malthus turned a mathematical possibility into an economic tendency and wrote the falsehood "tends to increase" instead of the truth "might possibly increase," he committed a fatal mistake as to fact. *Error latet in generalibus*, of which Malthus is thus another example.

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THE NEW YORK SUN comes to the front of the new departure of the Democratic party with the hostile remark that Tariff Reform is a Mugwump issue and not Democracy at all. It further illuminates its columns with the sapient motto of "Economy before Economics," which gives us a gauge of the *Sun's* knowledge of political science. "Economy before Economics" would be aptly illustrated by the man who should reduce expenses at the cost of his manufacturing, and abandon spending for profits in favor of hoarding to save. He might lay up money at the cost of living, and end as a miser instead of a capitalist—a curmudgeon instead of a public benefactor. A miserly government is no better than a miserly individual, and saving is no more the object of government than it is of making cloth. The object of government is to assist the com-

munity in living well, and its part is to see that the taxes collected are well spent for that end. So long as they are well expended for public uses they are properly used, be they large or small. A mean public expenditure is to be sure an old Democratic notion, and resulted, so long as they were in power, in a mean capitol for the nation, mean public national buildings in the States, mean public service everywhere, and a mean narrow national spirit. Such a principle is deadly to enterprise, enlargement, nationality and greatness. A mean nation can no more be great than can a mean man. Economics demand that the nation consult its well-being and not only its rate of taxation. Well-being is the object of existence, not economy.

"Economy before Economics" is much as if one should say, "savings before profits." Keep expenses down no matter how the business suffers! A sapient adviser our *Sun*, whose shine is too often moonshine.

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OUR STATEMENT regarding the Free-Trade attitude of the Democratic Party seems to have surprised the *Milwaukee Daily Journal* out of its usually appreciative and genial attitude. It charges us with being a full-fledged Republican Protectionist political advocate, and says it as if to be either a Republican or a Protectionist were a crime against humanity. Now the difference between the editor of the *Journal* and us is this: We subordinate party politics to economics, and he subordinates economics to party politics. We believe in a definite protective industrial policy, and if we support the Republican Party it is for no other reason than that its position is most in harmony with that policy. The leading features of our economic platform are indicated at the close of the article on "Our National Ideal," the first principle of which is the permanent establishment of a system of protection which shall securely guard our wage-level against the lower wage-level of all countries using similar machinery. As we have said, that is necessary not as an industrial solvent but as an industrial

application of the policeman function to guard the progress we have made against deteriorating influences, so that we may safely devote ourselves to measures and methods for further developing our industrial and social possibilities. We are opposed to the Democratic party because it has set its face against maintaining this protection, as a distinct part of its present policy.

"What sort of a Free-Trader is Mr. Mills?" the *Journal* asks. We reply, A very dangerous sort. True he did not attempt to abolish all protection in his tariff bill, but he slaughtered the tariff as recklessly as he dared, and since then he has emphatically and unqualifiedly declared himself in favor of absolute Free-Trade; and it has been since these declarations that he has received the support of the leaders of the party as a candidate for Speaker. We insist that to entrust the party supporting him on such a platform with the direction of our political machinery would be a source of eminent danger to the industrial prosperity of the nation.

But curiously enough, after trying to make out that Mr. Mills is not a Free-Trader but a 40 per cent. tariff advocate, the *Journal* proceeds to devote nearly a column to attacking Protection in any form, clearly showing—unintentionally perhaps—that like Mr. Mills it is ready for a full-fledged Free-Trade policy. That is at least as we read the drift of the *Journal's* counter-blast to our remarks. Perhaps, however, we are wrong in our construction. If we are wrong, and the *Journal* does not believe in Free-Trade, as of course it does not in a high tariff, will it please state definitely where it does stand on the tariff question? If it does not believe in Protection at all, let it say so; if it does, state how much and why. If it is for the Democratic party, with or without Protection, with or without Free Silver, with or without industrial and municipal reform, will it let us know? We shall be pleased to find it possible to co-operate with the *Journal* in advocating a broad, progressive, economic policy, but not in blindly supporting any political party.

# THE SOCIAL ECONOMIST.

FEBRUARY, 1892.

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## Natural Law in the Economic World.

BY JOHN C. KIMBALL.

The scope of this article is only a single phase of a large general subject entitled as above, the question whether the increase of laborers and of capital in the world involves necessarily under its operation a decrease of wages to the one and of dividends to the other. Prof. John B. Clarke, of Smith College, Northampton, Mass., in an able and in many respects excellent lecture recently delivered in Boston, takes the ground that with a limited field for the two to occupy, as the earth actually is, the increase of either must inevitably result in its diminished returns, and the law which leads to it he calls the natural law of wages and of capital. His conclusion is in rather startling contrast with an injunction like the old Bible, "Be fruitful and multiply," and with the modern unwritten one, "Be fruitful and get rich," indeed is hardly in harmony with the respect for nature and evolution which he himself in the same lecture professes to have. If such is to be the outcome of the world's growth, ever less and less means of life for its individual inhabitant, we may well look forward to the future with pessimistic despair, may well look on nature and natural law as the harsh, unfeeling energy so many in the past have depicted them as being, may well turn even to the politician's law as the wiser and kinder friend. The very incongruity of

the conclusion, however, with what nature is actually doing, raises at once the question whether there has not been some mistake in the process of reaching it, just as with the boy in arithmetic when his slate answers to the problem varies from that in the text book. And before assenting to the law stated as the really natural one, it is well to go over the ground again and see whether everything has been added in the column which ought to come in.

Prof. Clarke in his discussion of the subject gives an illustration of ten men working as farmers in a field of limited extent. Begin with one man, and in what he gets from it, the joint product of the man and the field, the man will count for very much. Put a second man there, and though the product will be more, it will not double that of the first man, so that the wages of each measured fairly by what he earns will be less than of a man alone. So with the third and fourth and each additional one up to the tenth. Each individually will add to the product less and less, and as the wages of each is fixed by what the last can earn, the wages of each will be diminished by natural law just as fast as their number is increased. Applying this principle to the great complex industrial field with its fixed capital, that our earth is, he holds that "precisely the same law of diminished returns will operate;" each laborer, therefore, added to the millions who are already in it, will get less himself and make all the others receive less. And reversing the parties fixed, supposing the laborers to remain the same and capital to be increased, he reasons with like logic that every added dollar to what is now employed in the industrial world will produce less and less itself and make every other product less and less, receive therefore less percentage of interest and dividend.

There would be no denying the reality of the law if each added man added only one more unit to those already in the field; but the statement of it leaves out the immense modifying element, equally a natural law, of the increased percentage of product from the same limited field which is possible through the union and organization of the increased number of men.

Ten men added together in arithmetic make only a ten-man sum ; but ten men added together in society make a forty and fifty and sometimes a hundred-man sum. Suppose there is a big rock on the farm field which needs to be got out of the way. One laborer with a lever and supports, working first on one side and then on the other, will use up most likely a whole day in its removal. Two laborers working together one on each side, will do it possibly in an hour. Who will say that the second man does not more than double the product of the first, and do it by a strictly natural law? Having occasion awhile ago to build a stone wall cellar on the old ancestral acres, I began with hiring a single man. Reckoning up at the end of two days by what he had accomplished, I found that the building of the cellar was going to occupy a period not incalculably less than the one which according to geology was used for laying the foundations of the earth, and to accomplish, in one instance at least, the complete transference of capital into the hands of labor. I then succeeded in hiring a second man, and the two finished the job in a week. The wages of the first were \$4 a day, and ciphering it out I discovered that by the natural law of political economy, in building a cellar I could better afford to pay the second man \$10 a day, than to pay the first one working alone his merely \$4.

Nor is the law different even in the agricultural field when the number of laborers is still further increased. Beyond the advantages of union it allows the great natural principle of differentiation and specialization to come in. One set devote themselves to getting out stones alone, and in doing so acquire a skill in it that no general workman ever can ; another to the ploughing ; another to the marketing of the products ; another to the improvement of the utensils used ; and yet another to the chemistry of soils and to the raising of ever finer and finer grains. Doing so, the great primitive natural law that the individual laborer produces less and less with each additional one that goes into a limited field, is completely reversed. The last one of the ten—ten thousand or ten million—giving himself as the first one alone never could, to scientific agriculture, may

not only increase the product more than the first one, but more possibly than all the other nine put together.

It is a conclusion which is amply supported by agricultural facts. Of the millions of farmers at work on the earth to-day each one notoriously gets more from it than Adam did when he went out alone and scratched it with a stick. A recent number of the Century Magazine contained an article on "The Food Supply of the Future," in which, among other interesting items bearing on the subject, it was stated that while in our West with its sparse population 5,000 farmers have to have 800,000 acres of land on which to employ themselves and get a living, near Paris 5,000 men employ themselves on only 2,125 acres, raising from them not only food enough for themselves, but for 200,000 Parisians besides. The fact is, we have not yet begun to test what this old earth can do for its children in the way of sustenance. The real thing that the world is starving from to-day is not lack of food, but lack of mouths. And as the writer of the Century article well says: "The dense population which the old theory told us was to be the precursor of starvation will be actually the antecedent condition of a cheap and abundant food supply."

What is true of farm labor is true of the labor field as a whole, the possibility under natural law with increasing labors of an increasing percentage of individual returns. Take a factory with a fixed capital of \$500,000, and who will say that one man attempting to operate all its complex machinery could produce a hundredth part of what a hundred men could with their specialized labor,—who fail to see that each additional man adds vastly more than a hundredth part to the result? It is exactly what has taken place generation after generation in our great earth shop, with its machinery infinitely more complex. The workers in it get more wages now than they did of old, when their pay was seventeen cents or even three cents a day, not only because there is more utilized labor in it now than there was then, but because there are more people now and with them more differentiations of labor and more products from each one. And the corollary of the future is not the despairing



one of less wages for its increasing population, but the hopeful one derived from strictly natural law of the more workers the more wages.

Of course there is a conceivable limit to this law, a multiplication of workers possible, all of whom no differentiation of their work could wholly utilize, and then the law of diminishing wages described by Prof. Clarke would reassert itself. But with such vast realms of the earth's fixed capital, its electric forces for instance and its moral and intellectual realms, as yet hardly touched, that day is too far off to be considered,—will come only when the cooling planet will itself operate against further increase.

There is however one great obstacle, as things are now, to the operation of the law,—the incomplete differentiation of labor. The tendency, as is well known, is for it to accumulate excessively in its lower, unskilled departments; and then competition comes in with overwhelming force and throws the workman back under the grinding wheels of the first law, that of diminishing wages. It is this which causes the half-paid "pauper labor" of Europe, this which explains the pittance that the lower strata of society receive everywhere. And it suggests the one philosophical method of solving the world's greatest labor problem. It is that of helping nature to carry out more fully her second law,—that of a larger and better education of the laboring man, that of converting unskilled into skilled labor, so that differentiations in its higher forms can take place,—one without which trades unions, tariffs, strikes, state legislation, a new social order—everything else, can be at best only of partial and temporary help. A stream of water is made to run smoothly not by diminishing its size or changing its nature, but by pushing aside the accumulations of sticks, stones and dirt which here and there it has gathered, and allowing gravity to do the rest. So with the world's great labor stream: Remove its accumulations of vice and ignorance, and without any changes in the constitution of society or any interference of state-made law it will equalize and smooth itself. To do so is Christianity as well as nature, the kingdom of God coming up through the bottom of society rather than down through its top.

Turning now to the case of capital, its first law, as stated by Prof. Clarke,—that with labor fixed in amount the returns of capital diminish with its increments and are determined by the final one for all the others,—is less modified by other laws than in the case of labor, its percentage of interest notoriously lessening with its accumulation. Nevertheless it is modified, and in the same direction. If ten laborers can be more profitably employed on a field or in a factory than one by reason of their co-operation, then manifestly every increase of capital from the one hundred dollars it takes to employ one to the ten hundred it requires to employ ten, will fairly carry by it by natural law an increased percentage of capital gains. Originally there were half a dozen railroad systems between the East and the West of our country, each with its own time-table, officers and expenses, adding to the cost of travel and freight yet paying capital nothing. A great New York capitalist who had piled increment after increment on his own means bought the control of their stock all up, consolidated them into one system, and, in spite of watering their stock and all manner of iniquities, made them with less labor pay dividends and at the same time reduced their cost more than one-half to the public for travel and freight. With the first half of his capital he never could have done it. It was its last half which more than doubled the value of all the rest. I asked a young man just starting in business why he set up his machine shop in a crowded place where a score of others were all about him,—why he did not go to some town where he would be alone without competition. “The more of us the better,” he said; “business attracts business, and though the crowding makes competition, the gain in the number of buyers who are drawn to us more than offsets the loss of having to share their trade.” What is the inducement to form corporations rather than to use the same capital with the same labor divided among individuals? It is that each new increment increases the gain of all the others and at the same time proportionally diminishes the expenses. It is a law which holds good in society as a whole. In spite of competition, capital wants more capital to increase its percentage of gain, just as labor wants more labor; and under

natural law in political economy, the same as under natural law in religion, the brotherhood of man, the benefiting of each by the benefiting of all, stands vindicated—a conclusion how widely different from the common notion that all trade, as society is constituted now, is naturally and necessarily “cut-throat!”

But if labor and capital are not antagonistic under natural law to their own component members, still less are they so to each other. That capital is helped by having an increase of labor at its command, making it available for new enterprises, few will deny; but that it is helped also even more by an increase of the wages of labor and a shortening of its hours is not so readily seen, every movement in these directions being by it sturdily resisted. Yet what is it that keeps capital from new enterprises, and keeping it in the old ones, tends by competition to keep down its gains? The lack of more market for its products, and especially of more market for its higher and finer products. And where is this market naturally to be found? Not certainly among savages and heathen abroad, or in the midst of poverty and crudeness at home. Where, but among the laboring people who make the things? And how in turn can they constitute such a market without the wages to buy the articles and some leisure, at least, to cultivate the taste by which they can be enjoyed? Take books, pictures, pianos, fine clothes, fine houses,—all that enters into first class living,—what increased openings of capital have already been made by the means for them and demand for them among working men in our land! And it needs only more wages and more hours at home for their use, to double and treble their number. It would be just as senseless for the ocean to scrimp the vapor it gives the clouds for fear of diminishing its waters and lessening its commerce, forgetting the rivers in which it comes back and the new harvests it makes for commerce, as it is for capital to scrimp the wages of labor as a means of getting for itself more returns. What it needs for its profitable employment is not only free trade with other nations over the sea—this would take off only its coarser goods manufactured now—but free trade with the laboring men at its own door and under its own roof, taking off

a thousand finer products. And trades-unions, strikes, all those arts and devices by which working men are forcing it do, what it is too short sighted to do itself and fights against with all its power, namely raising their wages and shortening their hours, are transmuting their gain at least under the subtle alchemy of natural law into more gold for its own coffers and higher per cents. for its own investments.

Equally on the other side is labor benefited by the increase in the community of capital and of capital's returns. The common impression is indeed widely the other way. Labor literature is filled with diatribes against capitalists as its natural and inevitable foes. And the unequal distribution of wealth between them,—palaces for the one, hovels for the other; satiety here, starvation there; purple and fine linen on the employer, rags and coarseness on the employed, the ever increasing number of millionaires in our country as compared with the millions whose only progress is from poverty to poverty, and the tendency of capital to grind down wages, secure legislation in its own behalf and separate itself from labor, are dwelt upon as evidence of their incompatible interests, and of how sorely things under natural law are going to the bad. It would be foolish and wicked to deny great imperfections of adjustment in their relations, and of distribution in their proceeds, but the imperfections arise from the way in which natural law is carried out rather than from anything in the law itself. What capital needs to be of any possible value to its owner is labor, and what labor needs to be of any possible value to the man who is capable of it is capital—a fact equally true whether they exist in the same person or in different ones; and the more capital there is in the community, the more means, and to make it of any value, the more necessity it will be under of employing labor, and as the result of competition for it, the more wages will labor get. I have in mind a country village formerly without capital, into which a while ago a hundred thousand dollars went to start a factory, and in six months beside the hundred additional workmen employed in it directly there was not an old farmer in its remotest outskirts raising a cabbage, or a woman in

its humblest hovel owning a hen, who did not feel its benefit—all by the operation of a simple natural law. Even when the capitalist simply “squats” down and loans his money at interest, it is necessarily to let others use it for the employment of labor. Even when he, and what seems worse, his children spend it in pleasure, or luxury, or vice, it is but another channel through which to turn it back to labor. Palaces and purple and fine linen and satiety of food mean in their last analysis—what? Simply more wages to working men. It seems awfully unjust on the face of it to see wealth so unequally distributed, and in some of its elements it is unjust; yet so long as it is in the community and is being used, it makes much less difference than it seems as to who holds it in his special coffer, vastly less than it would not to have it in the community at all—hardly more than it makes in the individual body that the stomach should have so large a part of the body’s food, or the heart of its blood. Under the great law of solidarity, a strictly natural law, one man cannot use it for himself without its being used to some extent by all. Wipe out the millionaires of our country, as so many even good people would do, and instead of making the poor richer you would wipe away one more crumb from every starving man’s table—as, dry up the ocean and where would be the drops of rain? Make the millionaires a million, and it is only a question of time and of a little more circuitous route between that and the paying of their money in cash to every man who has now but a single dollar. Banks, as they are deposited in by myriads who never visits their doors, so are drawn from by myriads who never see their checks. And supreme over all other papers, registered in the probate of the universe and secured by the laws of nature, humanity, including its poorest child, still holds the original title deeds of every rich man’s land, and in spite of fences and dogs and police, still carts from it year by year the larger part of its products, making the rich man after all only its paid keeper. Even where capital does all it can to lessen the wages it pays labor, it is not out of any inevitable hostility between them. It does the same thing with its brother capital, just as labor in turn does the same thing in

trading with its brother labor, and it is no more hostility than when muscle acts against muscle in moving the human body. They are partners in earning the money, each aiding the other, and have only separate interests in dividing it, as all partners, even the most loving ones, everywhere have. And it is here if anywhere in this division of the proceeds that we need human help to come in, not to counteract natural law, but to aid its action. Here too, as in the other case, the best possible help is that of education, development, making labor the match of capital in shrewdness, economy, knowledge, self-control and capacity for union.

From this view three conclusions arise, somewhat different from those of Prof. Clarke yet only further along in his line: (1) That nature in tending to increase the world's population, as beyond question it is doing, is not sacrificing at all the welfare of the individual laborer either in wages or personal value. (2) That nature in tending to increase capital is not sacrificing at all the gain of individual capitalist, or in any way making it for his interest to have that of his neighbor less, whether his neighbor be another individual or another nation. (3) That nature is not making any mistake as regards the welfare of either the laborer or the capitalist in tending to differentiate more and more, as it does, between labor and capital, rewarding, when they are fairly divided, the one with more wages just as surely as it does the other with more dividends.

The subject has other applications, but the aim is to make it suggestive rather than exhaustive; and what has been said will have served its purpose if it opens up to the truth that natural economic law instead of being the harsh, one-sided, labor-hating affair it is often represented, needing religion and legislation for its overthrow is really all through beneficent, all-embracing, God-given, Christian, and needing, when not alone, simply to have its obstacles removed and its force increased.

## Literature and Life.

History presents us with the curious picture of a literary world busy about one set of ideas and an industrial world busy about a quite different set at the same time. And a still more curious feature of the situation is the fact that the literary and cultivated classes have uniformly held that theirs was the important part of the world's history, while the industrial part was secondary and even contemptible. We all know how Greek and Roman philosophers despised mechanics and workmen with their employments, and asserted that the calm, non-productive life of a contemplative sage was much higher and more useful. And not they alone have held this conviction, since even at the present day literature is full of its own importance, and the literary classes regard with scant courtesy those who are engaged in commercial, inventive, mechanical or practical pursuits, and take frequent occasion to describe them disdainfully as "mere money makers," or workers for a living, having no important place in the higher regions of life. Yet while they do this they are still ready to join with Mr. Edgar Fawcett in resenting the fact that, when these commercialists get rich, and so rise in the world, they do not care for the company of these same literary people enough to invite them to their dinners and parties.

The literary classes indeed regard a devotion to ideas as higher than a devotion to things, and a discussion of various theories of life as higher than life itself. They would put Professor Henry, who is said to have discovered the action of electricity through a lengthy stretch of wire, and then dropped it to make some other discovery, before Professor Morse who adapted that discovery to the use of mankind to the infinite amelioration of the whole race. In fact they hold Aristotle's position, that the useful is far less honorable to pursue than the philosophic or the beautiful, and that philosophy descends when she attempts to be practical.

Now since this is, and always has been the aspect of the

literary class, they have steadily remained outside of the real current of human affairs, busying themselves with the ornamental part of life rather than with the useful. They have not known things and so have dwelt in thoughts only. They have stood aloof from deeds and concerned themselves with words and phrases. They have cared more about poems and orations and dramas than they have about politics, business and machinery. They have regarded style more than they have the contents of writing, and have seen that Homer wrote well long before they recognized the real social status of the life which Homer portrays.

Now the effect of this separation of letters from life has been equally disastrous to both of them. Literature either past or present is by no means what it might be and should be,—a report of real life and a philosophy of that—and life has been dreadfully misled by the real ignorance of literature concerning its problems and pursuits. And first as to the disastrous effect of this alienation of literature from life upon literature, we may safely say that it has caused the larger part of all literary work to be nearly valueless for its contents. This could not possibly have been the case if men of letters had attempted to know and describe their own times, and portray their own people, and set forth their own institutions and histories and the affairs of their own cities and countries. Homer, indeed, though he wrote poetry, did it from the thick of affairs, and hence the priceless value of Homer remains to all ages. But Virgil and Dante and Milton did nothing of the kind, and hence their vast inferiority of interest to Homer.

But writers of books, as a rule, have been so in love with the baseless fragments of their own brains—Hirn-gepenst, as that race of professors, the Germans, call them,—that they have neglected the state and movement of affairs among themselves, and all descriptions of life and art in their cities and communities to give us their notions about the universe at large and their views as to the origins and ends of things, and the objects of life in the abstract—views as phantom-like and valueless as a dissertation on ghosts or a treatise on the squaring of a circle.



So that while we have much Greek literature we know very little about the development of the Greek nation, and with much Roman literature still are in the dark as to the real impulses which turned Rome the Republic into Rome the Empire, and what were the industrial features of the change. But we have Plato writing on an ideal Republic in perfect oblivion of the real one; we have the Greek drama portraying old fables and moralities without scarce a glimpse into the social structure and customs of Greek cities; we have Job telling us about "a man of the Chaldees," but giving no details of his surroundings, and Isaiah describing Zion with scarce a hint as to the relations of Jews to the world about them at that time. So we have Philo and his successors with volumes of metaphysics, and the whole long period of the Middle Ages with authors composing treatises on every possible theme of unreality, while the world was weltering along as best it could—and that was ill enough—in a slough of misery, superstition and poverty. Now the most of these literatures are dead beyond resurrection, vast bodies of ignorant and ghostly disquisition of no use to any one, destitute of value from the day they were written to the present moment. Even as literature they are largely beneath contempt, and as a contribution to knowledge quite lean and barren.

And the effect of the sublime contempt of their authors for life and the movement of life has been to render their works so empty and worthless as to transfer the contempt of living men to themselves to their infinite loss. So that literature itself has lost all that it aspired to by forgetting its real high calling and reason for existence, namely, to be a report of life and a reflection upon it.

It is doubtless in court to say that literature is an art, and a fine art, and exists only for itself, and should be judged not by its reference to life, but by its own standard of artistic merit and value. It may be urged that a poem is either fine or poor according to its poetic form, and not at all according to its contents; that a drama should be dramatic and not realistic; that philosophy should be ideal like Plato and all the rest of it.

But while there is so much measure of truth in this as to justify the literary demand for artistic literary form, and while much writing must inevitably perish for failing to reach the supreme literary form, yet that is by no means the whole story. For supreme literary form must have with other things life in it, and to be of the first rank that life must be real life and not simulated life. All of Milton's genius cannot keep the angels of *Paradise Lost* alive and interesting, nor could all of Shakespeare's genius make Hamlet's and Banquo's ghosts the chief points of interest in their respective plays. Spencer's *Fairy Queen* died of its unreality, while Chaucer, portraying living people, lives. The hecatombs of sermons and metaphysics which the devouring maw of time has swallowed into oblivion died also of unreality. John Gilpin, having merit, lives, while the rest of Cowper, being unreal, dies; Burns lives while artificial Southey dies; but their name is legion and their race is as the perishable leaves of the autumn trees. For the first note of good literature is its relation to life, and it is vain to talk of art until that first note is satisfied. Art for art's sake gives the unmeaning copy work of Arabian architecture or the carving of Chinese chess men and Indian Pagodas. Real art always cleaves closely to human needs and concerns, and gets its power to live from its relation to living men.

We return then to our primary proposition, that the alienation of writers from life, their contempt for its most vital part—industrial, commercial and inventive life—is nothing less than ruin and destruction to themselves and their works, and finally leaves them stranded—a part of the barren seashore sand, that marks the edge of the pulsating ocean of human affairs, but no part of its interesting movement. It leaves them the prey of fruitless whim and fantasy, the victims of shadows and mirage—rudderless voyagers upon the sea of dreams bound no whither.

But this is not the worst of it. Humanity could well enough spare the army of literary triflers from the ranks of its more valuable utilitarians and let them amuse themselves with launching their toy marine upon the waters of public life. They are comparatively few, and would not be missed, if they came to nothing

and served to amuse the passing hour. There is plenty of waste material for these and far more of them, so that one need not complain, any more than one does of the gilded youth who spend their golden hours in jumping fences on horseback, or driving coaches, or sailing pleasure yachts on the harvestless sea.

But a much greater evil for man flows from the alienation of writers from affairs in that, filling their books and pages with their own views of life and things, they mislead men to an appalling degree respecting the nature of the world and society, and so bring to dreadful wreck vast interests, great movements, and countless individuals, who have been lured by the false lights of literature into the hazy realms of dreamland and unreality, where they have wandered about and miserably perished. What the literary classes have to answer for in this direction would make a calendar of ruin worse than the records of Newgate. Having the conceit to formulate life as they think it, without any experience of it in reality, they have filled men's heads with visionary theories and falsities full blown, and fantastic notions, leading to disasters melancholy and fatal in every department of affairs.

What for instance could be more misleading than to teach, as by implication all do, that a classically educated man is superior to one educated in mechanics? The first may be good for nothing but to teach Latin and Greek again, or write articles on the value of the Greek drama; he may be incompetent for all the practical relations of life, and able but to earn a poor living in a hole-and-corner town aloof from all the movement and currents of affairs. The other may be competent for life on every side, able to enlarge and diversify industries, to build up cities, to improve the workingman's condition, to alleviate by his machineries the condition of mankind at large. But all the same the useless classicist, fed on grammars and poetries, nourished by the ideas of twenty centuries ago, at home in antiquities, but at sea in the daily newspaper, is held up to be the preferable type and image of an educated man. Every year thousands of young men go to college to become persons of the classic type, and stifle their original powers in the carbonic acid of the past. It is in vain that thousands of graduates perish yearly before their eyes, half

starving as lawyers, doctors, clergymen, teachers; they still do not take warning nor their fathers for them. They still rush to college to learn that poetry is greater than prose, that style is more than matter, that the ancient world was greater than the modern, that the Greeks (*proh pudor*) were greater than any existing race, that art is higher than science, and the philosopher than the master mechanic, that it is better to read Sophocles than to speak French and German, and that abstract mathematics outrank banking and economics as a study. So they rush to their destruction, and waste the energies of fine powers upon the trifles of life, obeying the voice of men who write without knowing the world and therefore teach their own ignorance for wisdom.

Or, for another illustration, consider the teaching of the literary classes upon the relations of capital to labor, of employers to employed, in our various magazines. Knowing nothing of the marrow of these relations, never having known either class beyond the casual meeting of pavement and parlor, they rush eagerly in, dissect the problem with *a priori* ideas full-fledged, and are ready to set everything right in their way at an hour's notice. But, as a matter of fact, they never get further than to general principles of morality and humanity, which enlighten nobody, and rather add oil to the flames of strife than water to its quenching.

But they fill the laborers' heads with notions of their wrongs and the employers' heads with notions of their rights, which lead to ill results. What is needed is knowledge close and detailed of the matter in hand, and this knowledge can only be got by application to unfamiliar fields of study, which the literary man—drenched as he is with ideas of style and manner mainly—despises or hates. But he writes fearlessly, trusting his own native darkness for light, and so decoys himself and his following upon the rocks of false social ideas where they all miserably perish. The least he could do is to examine the matter in hand carefully before he speaks; but this he counts too much trouble; or, if he does so examine, he does it sentimentally and not scientifically and comes to an all-around erroneous conclusion.

But he who would know life must first live, and the more he knows of special departments of life and perceives their complexity and the intricate nature of their problem, the less he will be disposed to jump in with criticism and advice in other departments where he knows nothing. The literary man in a street riot, or a political caucus, or a financial panic, or a railway accident, or a civil war, is but a poor director and manager. Nor can he write any better than he can act. The same head and ideas govern pen and hand. His incapacity, in fact, should teach him his ignorance in reality, and make him wish first to know before he ventures to teach. But on account of the fanciful character of his education, he cannot be persuaded that he does not know already. He thinks that books can teach him all about the world, and fails to discern the importance of the great new movements of his time, which spring up all about him from the industries and brains of men as innocent of book learning as a babe is of crime. They do not see that social development is driven forward by human wants and human forces which are recognized in no old literature whatever, and but little in any modern literature. But they still go on, waving the smoky torches of learning and scattering their feeble sparks in the darkness, oblivious of the fact that the great mob of developing mankind are already shouting themselves hoarse far in advance of them, over questions whose importance they cannot possibly understand. Their lawyers lay down "maxims of the law" to an age which is making new situations and reversing the legal maxims of the past. Their clergy lay down "doctrines of the gospel" which every member of their congregations has outgrown and forgets as soon as he hears. Their doctors prate about orthodox practice, while a thousand experimenters propose novelties on every side and make cures contrary to accepted theories. And the whole noble army of educated conservatives the world over, all educated and all serenely posing above life, delicately wonder at the discontentment of other people, and oppose at a venture all their new demands on the ground that they must be unreasonable. They do not even know the first principle of life—that it must develop, must push

on to new forms and wants, must progress and rise. They think it can keep the old forms and still be living, and so they think it should. But life is an aggressive, nimble, evolutionary force ever developing, and the calling of men of thought is to see how and why and whither, and to lend their energies to assisting it to develop scientifically and profitably and morally.

This they fail to do, and perish with all their labor because they so fail, and many followers perish with them.

## Non-Directing Directors.

By D. J.

To those unacquainted with the actual management of banks, trust companies, railroads and other corporations, the word "Director" suggests a person who directs and supervises the institutions of which he is a director. But those acquainted with the actual management of banks and other monied corporations are aware that the average Director knows but little of the institutions with which he is connected, such knowledge being left almost entirely to the President or some other official of the establishment, and that most Directors appear for only a short time at meetings, agree to what the President suggests, pocket their fee and rush off as soon as possible to another meeting. This non-directing by directors is undoubtedly the cause of many embezzlements, defalcations, robberies of banks, savings institutions and other financial corporations by presidents and other officials. The question is frequently asked whether laws cannot be made to govern banks and other corporations so as to make such dishonesties more difficult, if not impossible, by imposing additional checks and restraints on officials.

The great trouble has been that we have trusted individuals too much. It may be said that without trust in individuals all business becomes impossible. But business does not require large corporations to trust everything to one individual; and besides, the great majority of bank officials and other persons entrusted with the property of others are honest, and the proportion of those who abuse their trusts is very small compared with all persons who hold trustworthy positions. It is to guard, however, against the few dishonest that our laws should be framed, in order to make it almost impossible for a bank president or other trusted official to commit any embezzlement or defalcation. Nor may we doubt that laws can be enacted to prevent these crimes.

If we look into the particulars of recent bank defalcations and

robberies by officials, we shall find that these were enabled to commit crimes by virtue of spotless personal reputations. They were implicitly trusted by the community in which they lived, and by the directors or trustees of the institutions with which they were connected. They were considered persons to be trusted, which was perfectly natural, inasmuch as a man whose record is spotted cannot get a position of great trust. These defaulters and embezzlers were, therefore, at the time of their appointment and until their crimes were discovered, considered trustworthy and had good financial, moral, social, and probably religious standing in the community. Nor is it to be supposed that these men were not actually honest when they were given their positions, or that they were not entitled at that time to respect. That which made these persons thieves and defaulters was a natural weakness to withstand a temptation thrust upon them, when they knew themselves not to be watched and therefore to have a fair chance of hiding their crimes at least for some time. We frequently see a man who for years has led a regular and moral life suddenly become addicted to some great vice, indulgence or infatuation, for which he is willing to risk almost any crime. Sometimes it is the desire of quickly making a large fortune, sometimes it is a desire to live luxuriously, and again it is to gratify a different passion. When, then, such a person has the handling of large sums of money with no oversight to check him, what is more natural than that he should *borrow*, as he thinks, out of this money, with intent when he has made as much money as he requires, to return it? Defaulters generally intend returning what they take temporarily as soon as they have made enough in speculations. The trouble is that as most speculations turn out disastrously, they are eventually unable to return what they have taken, and their thievings are discovered. It is to guard against the indulgence of such dreams at the expense of others that laws should be framed to make it almost impossible for officials to betray the trusts confided in them and rob institutions which they are set to guard.

Let us now indicate what checks should be placed on bank officials and others entrusted with others' money to make crimes of infrequent occurrence.



At present the average director is chosen for one of two reasons: either because he has a name that will give the institution credit and strength and consequently attract business, or because he is a friend of the president and is likely to agree with him in all his actions. His duties are nominal. His attention to the duties of the office is perfectly voluntary, and his responsibility is almost nothing. This should all be changed. Let us suppose that a bank has, besides its other officers, a board of twelve directors, and that each of these directors is to serve with the president for one month every year, and that during that month his duties and responsibilities were exactly the same as those of the president; that all documents shall have the signature of the president and this, for the time being, assistant president (as we will call the acting director); and that his pay for the time that he serves be the same as that of the president. What would be the result if this were made a law? Simply this, that every director would be responsible for one month's business, and consequently the twelve directors would be responsible for the year's operations. If then a defalcation took place during any given month, the director serving during that month could be held responsible as well as the president. As the president would have a different assistant president every month, and as all the securities and cash would have to be examined whenever one assistant president went out and another one came in, namely once a month, officials would know that any robbery or embezzlement would be at once discovered and would be unwilling to face this risk.

Now what can be urged against this law, and what can be said in its favor? It will be said that banks cannot afford the extra salary to be paid the assistant president, which, in the course of the year would equal that paid to the president; but that is hardly true of most banks, and the few unable to support such additional official might better give up business. The additional safety and security of the banks remaining in business would attract to them so much more profitable a business as to fully reimburse them for the additional expense of an assistant president. The management of many banks is extravagant and

their rent and other expenses are frequently greater than is necessary, and many could easily save the additional salary of the assistant president. Many banks occupy expensive premises on leading thoroughfares where rents are high, and these should also be equal to any outlay which increases security.

It may further be urged that it will be difficult to get directors for our banks and other corporations if we attach responsibilities to the office; but the contrary is likely to occur, for experience teaches, that whenever there is a call for a certain kind of individuals, that call is sure to be met; and the additional pay and consideration that the position of director would bring with it would attract to the office a better class of men.

Some may also think that it would be difficult to find men willing and able to give one month of their time every year to the duties of the corporation. But this law would probably bring into existence a class of professional directors who would be willing for the large salary that it would give them—say at least one to two thousand dollars per month, with the honorable position attaching to it in the community, to choose the life of a professional director; banks would then be managed by experts.

The suggestion of making every director in banks and other corporations serve one month as assistant president is on the idea that, to get honest administrations in corporations it is essential that all officials from highest to lowest should be so constantly watched as to be discovered at once if any theft should be attempted. The principle that should govern stockholders in banks, railroads and other institutions is this: The men put in charge of property have a reputation for honesty, which leads us to trust them, but we should put such hampers and restrictions around them as to make it almost impossible for them to become dishonest. This method differs from our present policy in that we now believe such people to be incapable of becoming dishonest, a mistake only too frequently proven, and in acting thus, we have overlooked the occasional weakness of men to withstand temptation. In England, directors in limited liability companies are now really required to "help to direct," and not be directors in name only. They take part by turns in the active management, and

are held responsible if anything goes wrong; for this they are paid, and it should be the same here. All officials and employees who hold positions of trust should be obliged to give heavy bonds for their honesty, and as there are corporations that give such bonds these companies have an interest in watching the lives of the individuals for whom they go on bond, thus giving banks, etc., additional security against theft and robbery.

Another law to be enacted is to prohibit directors from compromising with embezzlers and defaulters and agreeing not to prosecute them criminally on condition of returning part of their plunder. The knowledge that if they only steal enough to offer a good settlement to the directors, they can probably escape with sufficient plunder to make them comfortable, or perhaps even rich for the remainder of their lives, makes many officials into great thieves.

And why should we not mete out the same punishment to the big thief that we do to the little one? Really, he should be more severely punished, for he generally has education, position, and money; he knows he is committing a wrong when he commences his pilferings; there is no reason why he should turn thief; whereas perhaps the miserable tramp who attacks a victim does it to get something to eat for himself or family. Besides, the bank president who trusted him throws the wrong he is doing upon those who have no power of guarding against his dishonesty; he is a much greater criminal than the poor tramp against whom everybody is warned and whom nobody trusts, and who, when he does steal, has at least the courage to take all the chances of his act; whereas the thieving official has frequently ways of hiding his defalcations until he can get away to some place where he will be safe from persecution, and from whence he will offer a restitution of part of his plunder, if by doing so he can buy immunity from his crime. Directors and trustees should have no discretion in this matter for they constantly abuse their power. If these defaulters knew that they would unquestionably be criminally prosecuted if they committed a breach of trust, and that no more mercy would be shown to them than to some wretched tramp who steals, and who, if caught, on offering to return part of

his plunder on condition of not being punished, as these bank officials do, would without any further parley be turned over to the nearest policeman and probably sent for a term of years to State prison—if these high-toned officials were sure to receive the same treatment for their robberies, they would hesitate longer before committing their crimes.

What has been said about banks and trust companies applies to railroads. Directors in them as well as elsewhere should really direct, for at present there is but little supervision by directors of the actual business of railroads. That is left almost entirely to men who have charge of the different departments, who purchase new supplies and sell useless stock with but little restraint. It is easy to see what opportunities for fraud and dishonesty this offers to the ill-inclined. All purchases and sales should be strictly investigated, and particulars of them furnished to stockholders, who should also be given returns of the gross and net earnings of the roads, and all other particulars, which the stockholders should know about as soon as the information reaches officials and directors. The officials and directors are the *paid servants* of the stockholders, who have contributed money to build and who own the railway; officers and directors are paid by them to operate and direct these properties for owners, the stockholders. Why then are stockholders not entitled to all information about their properties as soon as it reaches these *paid servants* and those selected to direct it for them? Why should these officers and directors, many of whom have but small pecuniary investments in the properties they are called upon to manage and direct, use that information to their own advantage and speculate upon it in the stock market as so many do? The stockholders in railways have borne with this state of affairs thus far, but if they were to assert the power that they really have, and require the officers and directors to furnish them with all information as soon as it reaches them, they could easily do so by simply not re-electing officers and directors who did not obey orders in this regard. If stockholders and the public knew that our banks and other corporations were honestly managed for the benefit of stockholders, and not, as now, generally for the profit of

the officers and directors, they would invest in them more freely. All honest officials of banks and other corporations would adopt with alacrity the four suggestions of this article, namely :

(1) To have directors serve with the president each for one month, as assistant president, with a salary for that month.

(2) To place all officials and employers in monied institutions under heavy bonds.

(3) To prosecute criminally all defaulters and embezzlers, and to take away from directors the power to stop such prosecutions and compromise felonies.

(4) In the case of railroad companies, to compel the president and directors to furnish stockholders with all particulars about gross and net earnings, and all other information that might benefit or interest them as soon as it reaches the company's office.

These four laws would render thefts almost impossible, and greatly increase the value and security of our corporations.

As Congress is now in session, and the question of getting additional security for national banks is sure to be discussed at an early date, perhaps some of the recommendations contained in this article may be considered worthy to be introduced as a bill. And as for the railway companies, the duties of their officers and directors should also be strictly defined and enforced so as to offer the stockholders that safety to which they would be entitled under a strict administration of just law.

## Corporations in Political Economy.

BY WILBUR ALDRICH.

By the kindness of the editor of this magazine I am indulged in the attempt to bring my position upon the economic aspect of corporations, in the last number, upon the same plane of discussion with his criticism; and, if possible, to establish points of real agreement between us. I am anxious to show that, if I disregard "the laws of economic science at every parting of the ways," Prof. Gunton is with me at some of the partings between us and the orthodox school of economics. I plead guilty to some disregard of some of the generally accepted laws of economic science, and I mean to implicate him— with me in some of this law-breaking. But I certainly am not intentionally "disregarding the lessons of industrial evolution." I am essaying a study of a new phase of industrial evolution, the lessons of which are not yet learned. No one will claim that the legal, much less the economic problems presented by the late growth and power of corporations are yet solved. It is very questionable whether the lessons of other phases of industrial evolution will apply to them. And if they do, it will be very difficult to say off hand to what extent.

Although it is but a phrase to say that my reasoning leads to socialism, it is surely plain that my statement, or any other idea of corporations constituted so that buying stock brings one in and selling it takes him out, is but a variety of voluntary co-operation which is the opposite of socialism.

The professor fairly states that "Mr. Aldrich thinks he finds in corporate production three important changes in economic distribution: (1) That rent is eliminated. (2) That distribution to capital is limited to interest. (3) That profits belong to laborers and not to capital." As to the first point, he says that "to think of rent as existing only when one party pays a specific amount to another for the use of land, is quite erro-

neous." But would rent have been considered at all, as such, in economics, if no one had ever paid it specifically to another? And would there be any longer any need of separate economic treatment of rent, if by the universal prevalence of corporations in production practically no such payments were made? My former statement should be amended perhaps so as to read, "so far as corporations are concerned, the consideration of rent, as such, is eliminated from economic discussion."

But the statement of the former article was not so much directed to such a radical thinker upon rent as Prof. Gunton, as to those who define rent as Ricardo does, as "that portion of the produce of the earth which is paid to the landlord"; and to those who, like President Walker in the last number of the "Quarterly Journal of Economics," say that the Ricardian theory of rent is the keystone of the arch of economic theory. There certainly could be no such relation of rent to the science, if rent as a payment by one person to another were not habitually made. And I believe most economists will agree that if rent is not paid, as such, it will cease to be a factor in economic discussion, and must fail as a foundation of the present structure of economic science, to the great peril of the edifice itself.

(2) Distribution of capital is limited to interest. It is asked, "if rent is eliminated when corporations own their land, is not interest also eliminated when they own their own capital?" And it is answered that corporations do not, and in the nature of the case cannot own their own capital. The stockholders own that, and are paid interest on it because they do own it. Corporations buy the land with the money or credit represented by the capital stock or bonds given the investor or the lender as evidence of his ownership in the capital stock of the corporation. The professor will also see that in eliminating a contemplation of rent, as such, I did not go to the absurdity of throwing away the fact with the word, for I said land was capitalized, and of course capitalized according to its real value as a rent producer. But being capitalized, it conduces to clearness and truth to call it capital, as it is, and its reward interest, as it is in fact after capitalization. All the economic substance denoted by

the term "rent" is preserved, but its classification is changed to correspond with changed circumstances. And science consists largely in correct classification.

The professor suspects me "of an erroneous notion of the economic nature of interest," and that I consider it to be different from rent, because rent is eliminated and interest retained. But from the facts which I am trying to interpret, rent is eliminated because it becomes the same as interest. His statement that "rent, interest and profits are all essentially 'the same'" is admitted; indeed it was assumed. I arrived at the result by an independent investigation of the actual facts of corporate distribution. To say, as Prof. Gunton would, that so far as corporations are concerned the term rent may be disused, and interest substituted, would suit my contention just as well as my own statement. Upon the point of the essential sameness of rent and interest, therefore, we are in agreement, disregarding the laws of economic science as heretofore taught, for the plain lessons of industrial evolution.

(3) Profits belong to labor and not to capital. Even as to this point there is no real difference between Prof. Gunton and myself. For purposes of strict classification I implicitly divided the compound conception of profits—as it seems to me it is in fact being divided in the practice of corporations, by separating the increment of profits due to the use of capital from that due to business and financial ability. The former sustains losses, the latter has nothing to lose. The former classifies with rent and interest under the professor's statement, the latter with labor. And here he will say I differ with him in that the pay of business and financial ability does not depend upon the standard of living. But I am inclined to extend his principal theory, and to believe that pure business and financial ability grows out of, and lives up to, as readily defined a standard of living as does any other labor. . . . At any rate, the standard of living of business men and managers in each branch of business is higher than that of any laborers, and differs very much according to the general incomes of each class. And I rather believe also that this ability is brought out very largely by de-



sires for a higher standard of living and social enjoyment than can be obtained in any branch of labor.

Now as to the point whether entrepreneurs retain their economic position as such in corporations, I hardly believe the professor will finally insist that they do. He admits that "a certain class of entrepreneurs become salary receivers," and his reason for the admission is indisputable. But that "a more powerful kind of entrepreneurs arise who operate nearly all corporations themselves" I certainly cannot see. Who are they? The presidents? They only receive salaries if they are honest. Are they the owners of stock and bonds? Then as such they do not operate the corporations. Are they the directors? They only get pay in dividends as the other stockholders do, and as directors they exercise very little of the administrative business ability that makes corporations successful. The real operators are salary receivers. "Assuming all the responsibility of owners, they (these more powerful entrepreneurs) pay wages and salaries." Truly this is a strange statement. Who own corporations? Single individuals cannot in theory, and do not in reality except through a majority of the stock, and this in very rapidly disappearing instances. After the failure of the Maverick bank it was said that it had long been known as a "one man bank," and therefore discredited long before. "If they own the land it is by an investment of capital, and they pay interest for whatever capital they use belonging to others." The "they" here can refer only to the corporations themselves. Their stock and bonds represent the investment of capital, and it always belongs to others than the corporations except they have the stock representing it in their treasuries. "And they pay interest," exactly, that is what I say. "In all this they occupy the entrepreneur's position." This sentence is contradictory of the sentence quoted which says that "a more powerful kind of entrepreneurs arise which operate nearly all the corporations themselves." This last sentence says the corporation is a new kind of entrepreneur itself, not that it is operated by a more powerful kind. I can admit, and perhaps I should say it just that way, that corporations "occupy the entrepreneur's

position." For I also hold that they also occupy the position formerly occupied by the landlord and the capitalist "all essentially the same."

As for promoters or "organizers of corporations being peculiarly an entrepreneur class," they may be undertakers "to inaugurate the enterprise," but as such they have nothing to do with its management, and so far from assuming all the responsibility of paying wages and salaries and all other outlays of corporations, they are only responsible individually to those they may have enticed into a fraudulent scheme. The corporation is not even bound by their contracts made in direct furtherance of the inauguration of the enterprise. And promoters do not, as such, participate in the organization of the corporation, nor do they always remain in the corporation at all; most frequently perhaps they do not, but receive their reward for promotion as a commission. Indeed the science of corporate promotion is entirely distinct from that of corporate management, e. g., The City of London Corporation, "a promotive institution which during recent years has been engaged in floating in England and this country brewery and other industrial enterprises."

Losses by corporations are borne by the owners of the capital who may lose it by the failure of the venture, as money lenders always lose their money where the borrower fails. The rest of this loss is covered in the one case as in the other by interest, or in the former case by dividends assimilated in theory and in amount to interest.

Again the professor does not really mean that "I am mistaken in supposing that profits are entirely due to the efforts of laborers and officers" in corporations. For to whom or what are they due? Indeed capital cannot make anything except it is used by human beings, and besides it is no part of the corporation either legally or economically. A corporation is composed of men and managed by its salaried officers. Statically it is nothing but a mass of legal relations between its stockholders. Dynamically it operates by its chosen agents, even its stockholders together or severally having no capacity to do

any of its ordinary business. In a corporation matter and management, capital and human endeavor are strictly and admirably separated except in the one point of voting. There human intelligence is still trammelled by matter in such manner that the full theoretic benefits do not accrue to the human force, labor.

"Exceptional profits are very generally due to the possession of superior machineries and the facilities which capital procures, and not to any special skill or energy of the laborers or officers." As though it was not "the special skill or energy of the laborers or officers" which devised, adapted, procured by means of capital, and managed effectually the superior machineries. The superior machineries did not create themselves nor run themselves, nor did capital do either. Men obtained them with capital indeed, but men with less skill and energy would use the same amount of capital in getting less superior machineries, or use them so as to be practically inferior and worthless.

We say in economic language that, though the owners of capital still own it while it is in corporations, the management of it is irrevocably delegated to the corporation. Indeed, corporations have grown up as a new kind of entrepreneurs, managers of capital, on account of the breaking down of the old kind. The new kind merges landlord, capitalist and entrepreneur, so far as the latter gets profits from capital as such; and this may well be done, for according to Prof. Gunton they are all essentially the same. At all events the corporation seems to occupy the entrepreneur's position and to pay interest on the capital used, the landlord being effectually merged and eliminated.

It follows that it is the men in the corporation (and by the way the professor is ordinarily a great stickler for man as against capital) who are entitled to that part of the surplus which more than covers rent and interest, both essentially the same and merged together. But it may be said that if it was admitted that "rent, interest and profits were essentially the same," it was still not admitted that they were not to be added, the one to the others, so that the result should be greater in amount than either alone. And here perhaps is a glimpse of the source of the dissatisfaction with the present distribution; that to some

extent, things essentially the same have been charged up to industry two and three times over when in the real nature of things but one thing was used and but one charge therefor legitimate or economic. Certain it is, that under corporations such duplicated charges tend to become reduced to one single charge in such manner as to show at least the impolicy of the former system as compared with the new. Indeed the men in a corporation would be very foolish to pay for the capital they use a greater amount than would be required for new capital with which to replace it. As I pointed out, in the largest and most progressive corporations dividends are very severely adjusted to the interest basis. And in these corporations especially, high salaries are paid to able officers, and good wages to carefully selected, well-managed and effective laborers. Greater progress will however be made when the exact economical positions of all the factors in corporate production are known and correctly evaluated, and action more intelligently governed accordingly. There can be no humane motive in resisting the conclusion that the elimination of two of the distributors of modern production is inevitable, or that the reduction of the three, all essentially the same, to one, both in function and amount of reward, is scientific. And Prof. Gunton is the last man who would perversely hold out against such a result.

## Rational Protection.

### III.—PROTECTION AND COMPETITION.

Competition is one of the most cherished phrases of Free-Trade writers and speakers. Indeed, it is almost a fetish with them. They speak of it as the soul of trade and the source of progress. Those who thus deify competition usually also assume that the full benefits of competition can only be obtained by Free-Trade. Every discrimination which in the least interferes with the flow of commodities in whithersoever direction a low money price will take them, is regarded as a restriction of freedom and a hindrance to progress. To them Protection in any degree is a restriction of competition, and therefore a handmaid of monopoly, a destroyer of freedom, and an enemy of social advance. It is not surprising then that in proportion as people accept this view their opposition to a Protective policy increases, and those who are willing to be entirely logical demand absolute Free-Trade regardless of consequences. Now our criticism of Free-Traders is not that they are too radical or persistent in their claim, for absolute Free-Trade is but the logical application of their theory, which, if true, is what all should demand. But our objection is that the theory is not sound because it is based upon a misconception, both of the principle of Protection and the economic function of competition.

Rational Protection, as we have already pointed out,\* is not an arbitrary system of creating local privileges for increasing the profits of favored individuals, as Free-Traders assume, but on the contrary, is a principle which pervades all progress in nature and society. It is an example of the law of the survival of the fittest, because it is indispensable to self-preservation, since it is only by guarding the conditions of progressive existence that the fitness to survive can be established. Consequently we find that in biology as well as in society the permanence of superior types

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\* See THE SOCIAL ECONOMIST for October, 1891. Page 419.

always depends upon their ability to protect themselves from the destructive influences of inferior types. This Protection varies everywhere, according to the conditions of the thing to be protected. Among animals it may be the use of peculiar muscles, as in the case of the teeth and claws of the tiger. In certain stages of society it may mean the invention of weapons, either of defence against physical attack, or as instruments of production. In a higher society it may mean military and police forces. In another stage it may mean, as under representative government, public education to create citizens sufficiently intelligent to preserve the integrity of Democratic institutions; and industrially it may mean, as for centuries it has and still does, a tariff system as an instrument guarding the higher social level of our masses against the inferior methods and conditions of less civilized countries.—

Protection, then, is not a mere matter of custom-houses, as Free-Trade advocates commonly assume, but is a principle running through all evolution, to which society and nations and industrial advance are no exceptions. If our Free-Trade friends would consider the subject from this point of view instead of assailing Protection in general because of the imperfections and crudities of tariff schedules, they might contribute to the scientific solution of the problem. There would then be some hope of reducing the subject to a working economic principle whose recognition might become a part of general economic education, and thus permanently remove the question of Protection from the field of mere political controversy to the domain of economic science. Protection of industrial opportunity would then be considered on the same basis as the protection of property and personal freedom, and a tariff system would be retained, modified or abolished on its merits as a part of the general protection of our civilization, in the same way that our army, navy, police force, judiciary and school systems are treated now.

Competition is one of the misunderstood economic forces of society. Although it is indispensable to a truly economic industrial system, it fills no such function as is usually ascribed to it. The habit of regarding competition as the source of cheapness and the life of trade is entirely erroneous. One might as well ascribe

the existence of heat, light, land and water to gravitation. Gravitation is indeed indispensable to the orderly movement of physical phenomena, but it fills a specific function in the world's economy. If we fail to understand that particular action we can never understand the law of physical movement. So in the study of economics, it is not enough to know that competition is an indispensable force in economic movement, but we must understand the special function it fills in the economy of society. Our habitual exaggeration of the power of competition is one of the chief causes of popular distrust of modern industrial methods. "Let-alone" economists and politicians have so completely relied upon competition as the universal solvent for industrial problems, as to regard all other methods of dealing with industrial affairs as paternal meddling and necessarily injurious, insisting that the highest, best and most desirable will always be attended by unrestricted competition.

This view of the infallibility of competition which logically sustains all opposition to organized methods for industrial and social improvement has done much to justify the socialists' opposition to "our competitive system." They see the great mass of mankind in a state of ignorance, struggling with poverty, and a very small class in a state of comparative affluence, and to be told that all this is the inevitable result of the natural or divine law of competition naturally produces a feeling of antagonism to the whole competitive system of society, and a demand for the adoption of some form of non-competitive co-operation, or socialism. The mistake of our socialist friends in this instance, as in most cases of economic doctrine, is in placing too much reliance upon the postulates of "let-alone" economists.

Now competition fills no such omnipotent role as has been ascribed to it. On the contrary its influence is very limited. There are but two ways in which competition can affect industry, namely, by its action (1) upon prices, (2) upon producers.

(1.) In the realm of prices the influence of competition acts only upon surplus, that is to say it does not and cannot permanently affect conditions of economic production which determine prices, but can only influence the conditions governing the distribution

of profits. For example, under monopoly conditions shoes that cost \$1.00 a pair to produce them might be sold at \$2.00 a pair, thus leaving 100 per cent. surplus or profit. Now under competition this profit would be distributed to the community by a forcing down of the price to the cost, but no amount of competition could ever take the price permanently below the cost. If the shoes cost \$2.00, no competition could force the price down to \$1.50. Thus it is only upon the profit or surplus that competition can exercise any influence. In short then, the function of competition is to distribute the surplus by minimizing profits, and beyond that, it can do nothing towards cheapening wealth. The forces which really reduce prices and give mankind cheaper wealth are those which operate upon the cost of production, and those only. So far as competition is concerned, the price of cotton cloth might forever have remained what it was in 1820, twenty cents a yard, because it cost that to produce it. The only reason that the price has fallen from 20 to 5 cents, is that improved methods which reduced the cost of its production have been introduced. With the introduction of every new contrivance a greater margin of profit was created, and it is upon this profit that competition operates and forces the price down to the level of the new cost.

Thus we see that competition is only a secondary force in reducing prices—a force which simply acts as a distributor of surplus as fast as surplus multiplies from the use of cost-reducing processes in production.

It is clear then, that while competition is a wholesome and even indispensable force in society whose operation should be as free as possible, it is to conditions which diminish the cost of production that we must look for any permanent cheapening of wealth. These conditions are what Adam Smith properly designated the extent of the market—the active demand for the commodities produced, which finally rests upon the consumption and social grade of the masses—because it is the extent of the market which determines whether the best labor-saving machinery can be employed in production. A small consumption always means hand-labor production; only large consumption secures the profitable



use of best machineries. And this cannot be created by any mere intensification of competition but depends entirely upon improving the social condition of the people.

Now rational Protection in no way lessens the economic effect of competition upon prices or profits. It simply determines the social plane upon which the competition shall operate, preventing it from substituting barbarism for civilization as a mere price-reducing though not wealth-cheapening element. Since the true measure of cheapness is the amount of wealth obtainable for a day's wages, any mere lowering of prices which results from lower wages or leads to them, can be of no permanent advantage to anybody. It cannot increase profits to manufacturers because competition will reduce price to cost just as certainly with lower as with higher wages. In the same way competition will soon reduce wages to a lower cost of living, resulting from lower prices; so that producers can neither obtain more profit, nor laborers more wealth by any such change, simply because such a change brings no actual increase of wealth, and where there is no increase of wealth there can be no real improvement in the community.

The effect of Protection, as we advocate it, is simply to raise the plane of international competition from the basis of the lower wage country to that of the higher. In other words, it is to prevent the basis of industry in the more advanced country from being forced down to the lower wage level of less advanced countries. This it does by simply imposing a tariff on the products of lower wage countries, equal to the difference in wages in the competing countries. This in no way lessens the effect of competition as a profit-distributing force. It simply establishes the higher wage basis as the plane on which competition shall take place.

Now since competition is just as effective on one plane as another, it is obviously to the interest of society that it should always take place on the higher plane, because that is the plane of the more advanced civilization. With such a system of Protection, the American market—and if other nations adopt the same principle, all the markets in the world,—would be open to all the producers of the world who could produce wealth most cheaply, the test of cheapness always being the capacity to furnish goods

at the minimum price without paying less than the maximum wages. Under such conditions lower wages would cease to be a means of obtaining access to the superior markets of higher wage countries. Competition would then be confined to a rivalry between the machineries used in production, which rivalry would result in forcing the use of the best machineries upon all parties to the immense and increasing advantage of all parties to the competition.

Since low prices can only be secured either by paying lower wages or using superior methods, and since low wages would cease to be a factor where the highest wage level was made the basis of success, competitors for the markets of most civilized countries would always depend for their success upon their use of superior methods, and thus in the truest and broadest sense the survival of the fittest would be accomplished. Competition would everywhere be literally free and would reduce prices to the cost of producing the dearest portion of the necessary supply in any market; and all who could produce it at less than that cost would, as now, secure that difference as profits. And as no one could produce at less than that cost except by the use of superior methods (the difference in wages being deducted) the highest wage-level would be maintained and profits made to depend absolutely upon superior methods employed by the competing countries. This would make the use of science and of the forces of civilization the only means of industrial supremacy. The forces of barbarism, of which low wages are the chief, would be met and vanquished in their stronghold, and then the world would itself be lifted by a competition raised to its best on the highest plane of the highest existing civilization.

(2) The influence of competition upon producers, then, is to stimulate rivalry in their efforts to supply the wants of the community. But this rivalry only begins after profits have been distributed to consumers by reducing price to cost. Hence the real influence of competition upon producers is to incite their energy in creating for themselves a new surplus, by further reducing cost of production through the introduction of superior methods. As we have elsewhere pointed out,\* the best results

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\* Principles of Social Economics, pp 293-4, 333-4.

from this rivalry can only be obtained under conditions where producers have an approximate equality of opportunity, since of course there can be no effective competition where success is made easy for one and impossible for the other competitor; that is pure monopoly. Now approximate equality of economic opportunity does not mean merely that a market shall be open to all to enter without legal restrictions, but it means that all shall have an opportunity to enter upon such equal economic conditions that success shall depend entirely upon economic superiority in competitors themselves. This is impossible unless difference in competitive power arising from differences in civilization is eliminated, which difference always has its root in the difference in cost of labor.

Take for example English and American manufacturers in the same industry using similar machinery, where Englishmen pay one-third lower wages, which is a very common occurrence. Of course Englishmen would undersell and beat Americans in such a contest, not because of any economic superiority on their part, but solely because American manufacturers are handicapped by higher wages resulting from the superior civilization of their own country. No argument is necessary to show that under such conditions Free-Trade would not establish more effective competition between the two countries, but on the contrary it would simply give English producers a monopoly of the American market, and by reason of the fact that the social life of the masses is lower there than here. This would destroy rather than stimulate real competition by placing a premium on barbarism. There can be no approximate equality of opportunity under such conditions unless the competitive power of this difference of wages be eliminated. Otherwise our manufacturers are simply handicapped out of the race, in favor of inferior competitors.

Now it is to prevent this uneconomic effect of the difference of civilizations and place producers in all countries upon the same economic level, and in order to give society the full benefit of the inspiring influence of competition, that we advo-

cate a system of Rational Protection. The amount of Protection should always be determined by the degree of the difference in civilization in the two countries as measured by their respective wage levels. This opens the best markets of the world to the most economic producers, and makes their success dependent upon the employment of the best productive methods and superior administrative ability, and upon nothing else. Nobody would be handicapped except by his own inability which would always insure the greatest amount of competitive stimulus, the widest range of industrial freedom, and a guarantee that economic superiority shall succeed.

A tariff policy based upon this principle would protect the superior against injury from the inferior, without affording the slightest monopolistic impediment to economic rivalry. Instead of restricting wholesome competition, this would simply protect the competitive opportunity for the "fittest to survive," the test of fitness always being ability to furnish low-priced wealth without employing low-priced labor. Under such conditions products of foreign countries could never undersell those of home industry, except when the lower price of the foreign product was due to the use of superior labor-*saving* and not to labor-*cheapening* methods. Consequently whoever should then undersell would confer a permanent advantage on the whole community of competing nations.

## Europe's New Customs Unions.

BY GEORGE WHEELER HINMAN, PH. D.

Germans have long had strong confidence in the political and economic results of customs unions. The famous Zollverien of the small German States, half a century ago, is ever mentioned in the German university and press as the cradle of German unity; and Friedrich List, the sturdy protectionist opponent of Adam Smith, is never mentioned by the German political economist without reverent and grateful reference to his activity in promoting its formation and extension.

Most Germans since the days of List have been protectionists and most of the protective policy introduced by Prince Bismarck received their hearty support. Almost the only unpopular part of the Bismarckian system was the corn laws. Events of the last two years, however, necessitated a variation of the protective policy. France proceeded to mould a new tariff with almost prohibitory duties in general and exceedingly high minimum duties for the most favored nations. In 1890 Spain and Portugal were preparing apparently to afford still greater protection to the domestic manufacturer. Roumania in 1890-'91 took new steps toward restricting foreign competition in her markets, and terminated all treaties affecting her tariff with Continental countries. In October, 1891, Switzerland adopted an exceedingly high general tariff. In consequence of this state of affairs in Europe, as well as of the McKinley tariff in the United States, combined with certain economic conditions in her domestic politics, Germany was constrained to vary her policy in tariff matters, and the result of her determination to do so is the most remarkable system of reciprocity treaties recorded in economic history. The contracting powers are Germany, Austria-Hungary, Italy, Belgium and Switzerland. They form a territory stretching from the sea on the North to the sea on the South, from the Vosges to the Russian boundary, and they contain some 130,000,000

producers and consumers, the vast majority of whom will be direct beneficiaries of the provisions of the customs union treaties.

Germany naturally is the backbone of the great customs union. To her political and economic needs are due the negotiations which terminated in its formation. Hers has been the hottest domestic struggle in consummating these negotiations, and her subjects have to bear the greatest disadvantages incidental to the numerous advantages conferred by the treaties. The tariff on grain was a child of Bismarck's political necessity, and it was held intact by him, to make sure of the support of the large conservative and national liberal landowners. That in the last ten years before his fall Germany's product of wheat and rye decreased, that agricultural land was ever less carefully tilled, that the importations of the two most highly taxed grains were swelled some thirty per cent., that everybody acknowledged that Germany was quite unable to raise enough food for her own, had no weight with him, where his parliamentary majority would be imperilled by a modification or repeal of the corn laws. Moreover, a customs union with Russia was impossible, and a customs union without Russia, for a man who had always valued the friendship of the Czar above that of any other sovereign, as had Bismarck, was not to be contemplated.

The price of bread in Germany was fifteen per cent. higher during most of this period than across the Austro-Hungarian border and the price of wheat in Berlin and Frankfort was often thirty-five or forty per cent. higher than in the free seaports or in the Austrian markets. Social Democrats and Independents (*Freisinnige*) never ceased to raise a hullabaloo in parliament and press, about the suffering which these higher prices entailed upon the workingmen, and during such agitations as accompanied the great Westphalian coal strikes, and the famine among the Silesian textile workers, the radical parties gained vast accessions of voters by telling the half fed people that the government took bread from their mouths to enrich landed proprietors. Under Bismarck all this was but foam against the rock. With the fall of Bismarck and the opening of the new regime with its workingmen's programme, came the opportunity of all radical

parties to agitate with renewed vigor for abolition of the corn laws. The Agrarians fought back, and the Empire rang with the most violent conflict that it has experienced, since Bismarck's attempt to discipline the Pope. Emperor William and his new Chancellor consistently threw over the Agrarians, espoused the cause of the radicals, and framed treaties to relieve the distress of the workingmen, as well as to cement economically Germany's political ties to Austria and Italy. This economic view of the treaties was emphasized repeatedly by Chancellor von Caprivi in his elaborate speech of December tenth. "It is one of the aims of these treaties," he explained, "to keep our working class strong and competent and in general to reach out the hand to the laborer. The new treaties will accomplish this in two ways: First by cheapening food so far as this can be done by the State; and second, by creating and maintaining remunerative occupation by facilitating and building up the export trade and the exporting industries."

The tariff reductions intended to subserve the ends last indicated and at the same time to be substantial inducements for Austria-Hungary and her great grain growers, are as follows: wheat, from \$1.25 to 87 cents per 220 pounds; rye, from \$1.25 to 87 cents per 220 pounds; oats, from \$1 to 70 cents per 220 pounds; pulse, from 50 to 37 cents per 220 pounds; barley, from 56 to 50 cents per 220 pounds; maize, from 50 to 40 cents per 220 pounds; malt, from \$1 to 90 cents per 220 pounds. Beef is admitted at \$1.25 instead of \$1.50 per 220 pounds. On oxen the tariff is reduced from \$7.50 to \$6.35 per head; horses, from \$5 to \$2.50 per head. Among the most important of the comparatively insignificant concessions to Austria-Hungary's manufacturers are reductions for glass, wooden, leather and china ware and pottery.

Next to Germany, Italy occupies the most interesting position in the new customs union. Germany's treaty obligations are remarkable because they include so many concessions; Italy's, because they include so few concessions. Italy, in fact, is the greatest beneficiary of the union from the economic point of view. She not only has retained the old favors for her ex-

port, but also has secured an increase of duty on several important articles of import, an achievement of which she alone, of the five participants, can boast. This indulgence she owes to political considerations. Through the Triple Alliance Italy was emancipated politically and diplomatically from France. Through the customs union Germany and Austria-Hungary will also emancipate her commercially, and to make clear the way for this work they treated her with indulgence which political economy alone would hardly justify.

Italy's independent tariff has suffered little change in consequence of her participation in the customs union. Only on a few articles are the duties reduced and these reductions are small. Reckoned for 220 pounds the tariff on fine woollen textures falls from \$40 to \$37; on medium fine, from \$35 to \$32; on coarse, from \$30 to \$28. The tariff on carpets is \$20 instead of \$22 as heretofore. There are small decreases in the tariffs on chemicals and various classes of iron and steel, and manufactures of them. Certain kinds of iron and steel in bars pay but \$1.40 and \$1.20 duty per 220 pounds instead of \$1.50 and \$1.30 as formerly. Also axes, ploughs, needles, files and stoves are somewhat less heavily taxed. More important than all these isolated cases, however, is the agreement that wares under some 250 heads shall be taxed in the next twelve years exactly as in the past. A provision especially unfriendly to Austrian industry is that the duty on flax yarn shall be almost doubled. On linen, moreover, the duty has been raised about \$1.75 per 220 pounds for the coarser sorts, and about \$5.25 for the finer.

The concessions of the two Empires to Italy on the other hand are numerous and important. Considerable reductions are made in the tariffs on olives, oil, corals, straw hats, beeves, hogs and eggs. Germany, in the teeth of the bitterest opposition from the landed proprietors of the Mosel and the Rhine, decreased the duty on wine in casks from \$6 to \$5 per 220 pounds. The export of Italy to Austria-Hungary is assured for the next twelve years by the pledging of the latter country to maintain unaltered the tariffs under 460 heads. It may be assumed, therefore, that for the treaty period of twelve years, Italy will sustain her annual



export of some \$18,000,000 worth of goods to Austria-Hungary as well as that of \$25,000,000 worth of goods to Germany.

Austria-Hungary's concessions to Germany's manufactures are considerable, and concern mostly such finished products as velvet, woollen yarn, linen goods, rubber goods, women's felt hats, etc. In the memorial, such as the German government is wont to lay before the Reichstag with its every proposition, Chancellor von Caprivi pointed out that Germany's growing export trade was presumptive evidence that her home market no longer sufficed for her manufacturers. This trade has grown from \$797,000,000 in 1887 to \$838,000,000 in 1888, and \$850,000,000 in 1890. Of this trade, Austria-Hungary's share in 1887 was \$75,000,000, in 1888 more than \$80,000,000, and in 1890 about \$88,000,000. In securing concessions to German manufacturers from Austria-Hungary, Chancellor von Caprivi intended, as his speeches have shown; to increase the prosperity of German workingmen by facilitating purchases from Germany's factories by one of her best customers.

The treaties including Switzerland and Belgium, naturally are of inferior political and economic significance. They serve, however, to mark the complete isolation of France.

The most important economic results for Germany's foreign trade, of the forming of the customs union may be summarized thus: of the \$80,000,000 or more annual export of Germany to Austria-Hungary, the tariffs on some \$16,000,000 worth have been considerably reduced, and on some \$50,000,000 have been rendered unalterable for the next twelve years; of the \$25,000,000 annual export of Germany to Italy, the tariffs on some \$6,000,000 worth have been reduced, and on \$15,000,000 worth have been rendered unalterable. All this has been done by Chancellor von Caprivi, despite the frantic opposition of Prince Bismarck and his allies. The dashing style in which the whole plan was carried through demonstrates the ridiculousness of current rumors, that the present Chancellor will resign at his master's request shortly, and Prince Bismarck will return to power. Caprivi's resignation is only a remote possibility, and Bismarck's return is plainly an impossibility. When the news that the treaties

had been approved by a vote of 243 to 48 in the Reichstag reached the Emperor at the banquet table, he announced that he had made his Chancellor a Count for his masterly management of the treaty negotiations and added this eulogy:

"Gentlemen: We owe this result to the labors of Chancellor von Caprivi. This unassuming Prussian general has been able in two years to comprehend the tariff question which even for specialists is exceedingly difficult. With far seeing political vision he has grasped an opportunity to save our country from threatening dangers. . . . I call upon you all therefore to empty with me your glasses to the health of the Imperial Chancellor, His Excellency, General of Infantry von Caprivi. Long life to Gen. Count von Caprivi! Three times, long life to him!"

Such was the death knell of the Agrarian party and their fallen leader, Prince Bismarck; and such was the renewed assurance that, however much the utility of his measures may be questioned, the present pilot of central Europe has no idea of steering his ship back to the channel of the old régime.

## Relation of Voters to the State.

BY JOEL BENTON.

We have heard lately, in connection with various election contests under the new ballot laws, a good deal about the right to vote. I think the average citizen everywhere is more impressed by a certain right which he claims to possess in relation to the franchise, than by anything else pertaining to it.

And yet the truth is quite different from the idea which generally prevails in respect to the ballot. There is really no primitive or natural right whatever about voting. The citizen's inalienable rights under the Declaration of Independence are only life, liberty and pursuit of happiness. But we can have all these without voting, or without being voted for. There is not a community on the planet that confers the voting power, as it confers protection to life and property. The latter it confers as a thing everyone may claim, while the right to vote is given, when given most bountifully, only to a moiety of the people. Women, who number more than one-half the population, are excluded, as are convicts, idiots, the insane, minors and foreigners who have not taken out naturalization papers and have not been residents for a stipulated period.

The right to vote is therefore not a right in the first instance, but a privilege, and a privilege conferred by the State. We boast of universal suffrage; but, where suffrage is freest, very much less than one-half the population vote. In some States a poll tax is required; in some an educational qualification is imposed; and in Rhode Island, until very recently, a property qualification was exacted.

The body of voters, then, is a selected class in whom a certain power is deposited which is to be exercised on behalf of the State. The vote is not the voter's real *chose*, and it may be taken away from him when the State sees fit. It is taken away in cases of convicted crime; and, improbable as it is that our

widest distributed suffrage will be eventually reduced, it is still possible that it may be, and desirable in the minds of a large number, that it shall be, some time, by at least a rigid educational test.

When the citizen understands that he is merely exercising a trust and not enjoying a commodity by voting, his relation to the State will be seen in a clearer light. No doubt many voters who cast their ballots with a good intent in the last election in this State felt a real grievance in finding out that they were "void and of no effect," by being cast in a manner contrary to law. To show how this must happen inevitably, Judge Earl in delivering the Court of Appeals decision in the Twenty-Seventh Senatorial District contest says :

"It is quite true that a majority of the electors in the Twenty-Seventh Senatorial District have, through the ballot-box, expressed their will that the relator should represent them in the Senate, and it is unfortunate that that will should for the present be defeated; but, under our system of government, founded upon the majority rule, majorities must express *their preference in the forms prescribed by the Constitution and the laws*. It is better that an election of a Senator should fail than that the Constitution or laws should be nullified or violated."

The majority rule, then, must be a rule according to law; that is, it is even more important, if possible, that it be "constitutionally and legally expressed" than that it be a majority, since the majority has to give way to the minority when it attempts to assert itself illegally. The law is always above and superior to the voter.

Under the new ballot law, if he votes other than an official ticket, or the paster that may go on it; if his ticket is torn, or tinted, or marked; if it is made of different paper or printed with different type; he voted in vain. He and his majority colleagues—if he is on the majority side—must go down at the polls if a certain number only have not observed certain minute particulars of law. Whether those particulars are overlooked by design or by accident, the effect must be the same. In another decision by the same Court quoted from above, Judge O'Brien says, in references to the voter who attempts to express his will

otherwise than through the method prescribed, that "the Courts have no power to help him."

In the Fifteenth Senatorial District the anomalous case of a relator for a candidate whose seat was in contest, and who had himself died soon after the election, the representative quality of of both the voter and the one voted for was emphasized by the fact that the relator represented, what we claim the vote does—the people. It was of no account to the deceased Mr. Deane, and would have been of little account to him if living, whether he was successful or otherwise in the contest. The great question at issue was, whether the people had been defrauded; and whether it was finally decided as one party wished or as the other wished, the court's acceptance of it was without reference to the personal, but wholly with reference to the public interests in the case.

The rigid and wholesome demands of the new ballot law ought to make it easier to understand just now what the significance of the ballot is. We have been too much in the habit, heretofore, of viewing it as a personal perquisite, and only in an inferior way as a sacred trust. No doubt it is true in a certain sense, as Whittier says, that

"The ballot falls as silently  
As snow-flakes fall upon the sod,  
And executes the freeman's will  
As lightning does the will of God."

But this ideal will be more nearly reached when its secrecy, its inviolability, and its purely representative nature are discerned and upheld.

As to the best methods of securing secrecy and purity of the ballot, something yet needs to be said and done. We have already obtained so-called Australian ballot laws in thirty-three of the States, and they present various degrees of excellence. By their use a little longer we shall learn more accurately their different defects. In this State what is most needed is the destruction of the absurd paster device and an intelligible grouping of the party tickets, to be voted for on a single ballot. The corrupt practice act also needs amending, so that bribery as

employed in the last election to pay voters of the opposite party not to register, or to be registered, shall be made impossible. The impartiality with which all these measures will eventually work, though they may at certain elections and in certain localities seem to change traditional majorities, will at last purify them and be accepted by the people.

## Current Economic Discussions.

BY FREE LANCE.

Sir Alfred Wallace has written a book on "Miracles and Spiritualism," in which he says that if there is no immortality for men beyond the grave, such a fact would do away with all our love of justice, fidelity and disinterestedness, and leave the poor, the wicked and the selfish no motive for restraining themselves from a reckless pursuit of their own interests to the sacrifice of the interests of all others. This charge has often been made, and while we do not deny immortality in any way, we wish to repel the charge as irrelevant and untrue. The belief in immortality does not make men just, as one can see in any country. This belief prevails everywhere and yet injustice is as common as pebbles. Fidelity and disinterestedness are not confined to believers, nor are the wicked and selfish all malicious. All virtues are social products and are practiced not for a creed's sake but because society demands them and punishes men who will not be virtuous up to a certain accepted standard. If anybody begins to break through the ordinary rules of morality and to throw off the ordinary practices of good conduct, his fellowmen begin to blame, reprobate and punish him, until he is forced to come round. We do justice because our fellows resent injustice. We are unselfish because our fellows love and praise that kind of behavior. We are faithful because society rewards fidelity. All these and every other virtue has its root and its defense in social relations, and no more depends upon immortality for its sanction and practice than do good manners and the love of friends, and offspring, or to the desire of an unblemished name. It only injures morality and religion alike to put forth false claims for either, and either may stand upon its own grounds without false props.

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In the *Forum* for January, Mr. George S. Coe, President of the American Exchange Bank, pertinently ask, Why the

Silver Law should be Repealed," and wisely answers his question by saying that we have already accumulated \$500,000,000 of useless silver at Washington and are inflating the currency to such an extent as to depreciate its purchasing power. Why our government should make a law to accumulate one particular product of our industry, namely, silver, is to him and us an unresolvable mystery, and a mystery of foolishness, sure to end in immense disaster. Already we are nearing the perilous edge of a silver basis for our currency, and still we do not call a halt to our progress in that direction. We should make haste to repeal our silver law. The issue of silver certificates has no visible end, and adds just  $4\frac{1}{2}$  millions per month to the circulating medium. Inflation is perpetual and will be till we repeal. Meanwhile South and West cry for more money, and do not see that what they really want is more values, more property, more wealth, and that money is no wealth and cannot increase wealth. They all have enough money to exchange all their values—their houses, lands, cattle, crops and other products. No exchange is ever hindered for want of currency to effect it. Money is only a machine for exchange, and with a thousand dollars of money per capita and no increase of real values in property there would still be the same property everywhere that there is now. All the gold of Midas left him starved and poor and wretched, and so would all the metals in existence unless they represented exchangeable wealth accumulated by the community as the products of industry.

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In the *Nineteenth Century* for January, Earl Gray, after tracing the prosperity of England to the adoption of Free-Trade in 1843, goes on to show that the English reaction towards that form of Protection which is called Fair-Trade, and which in our country goes by the name of Reciprocity, dates to that swerving from the policy of absolute Free-Trade which was indicated by Mr. Gladstone's treaty with France in 1860, by which French wines were admitted to England at reduced duties in exchange for lower tariffs on certain English goods in France. Consistently with the general English opinion on this



subject, he believes it would have been better for English influence on economic thought and national practice if she had stuck closely to her Free-Trade theories, and discountenanced altogether the notion that a remission of duties was a favor to any foreign countries rather than an advantage to one's own. His article shows how deeply English thought has been impressed by the fact that no other nation has yet been led even by the example of her prosperity to adopt her economic freedom. The reason has been the spectacle of the English working classes left in suffering and poverty by her neglect of such economic practices as would have forced her manufacturers to carry their workmen to wealth with themselves, by so restricting employers to a home market that their profits would have depended on the consumption of the laboring class, whose wages then would have been the basis of the market for which goods are provided. The universal foreign market of England enables her manufacturers to buy home labor low and sell its products to rich foreign classes high, where they should have been compelled to sell goods where they bought labor. The result then would have been that the higher the wages given the larger the home market would have grown, whereas the actual result was that the lower the wages they gave, the larger the foreign market grew, and Englishmen were sacrificed to all manner of aliens and foreigners. Earl Gray does not notice this, though it really underruns the position of all parties, as the unformulated reason why workmen still believe somehow in Protection.

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In the *Nineteenth Century* for January we find a picturesque description of "Hodge (the farm laborer) at Home" by Mrs. Batson, who describes him as well off so long as he remains single, encumbered and embarrassed after marriage until his five or six children begin to earn money for the family, and living in comparative clover with his children's assistance the rest of his life. He gets besides wages many favors and gifts from his landlord, the clergyman and the doctor, for which he is not grateful, taking them as a matter of course. He earns ten shillings—\$2.50

a week and upward. His main pleasures are beer and tobacco, and he thinks it not amiss to get a little boosy every evening. The writer advises taking away his beer—if it be possible. Her idea of life is evidently virtue without pleasures, careless of the fact that virtue without enjoyment is also objectionable and leads to vices of its own. The lack of gratitude to his benefactors which Hodge shows is an excellent warning against eking out the defect of low wages by charitable gifts. Better for all parties were it, that Hodge's wages be raised to meet his standard of living and he be left to pay for his living like a man. Elevation is impossible so long as charity steps in to make good the deficiency of earnings. Nor is elevation possible so long as parents raise children for the purpose of living upon them in years later. What could more harden natural affection than such a purpose?

That Hodge will rise through the increasing use of farm machinery and the increase of organization among laborers to get wages raised, does not come within the horizon of Mrs. Batson's thinking. But this is the coming event of the near future.

Mr. William F. Bear thinks, however, that the time is nearing when an increase in small holdings in land will arrest the wholesale migration of young men from farms and farm work to towns and town work. He means by this, though he does not see it, to arrest the rapid civilization of the rustic into the townsman, and leave him in his gaping stolidity. This way seems desirable to the idyllic dreamer on the beauties of country life, but to the economist and realist who has well considered the petrifying monotony of farm life, and who sees that the agricultural laborer is the least advanced and advancing of all human kind, it seems almost fatuous that any one should take such a view. Why should one wish to continue and increase the range of an occupation which has always left its employees among the most clodlike and animal of their kind? The present stir among town people respecting the dirt, shiftlessness and discomfort of farm living and the unhealthiness of farm villages only shows how stolid agriculturalists always are respecting even their own most vital affairs. If they were not so, the evils alleged would long ago have disappeared under their own personal exactions and attacks. But why

should one desire the perpetuity of occupations which leave men in such a wooden state of mind? To take the most of food and cattle-raising from men and relegate it to machinery is the great demand of the times. This will leave the men to civilizing pursuits, the amenities of social business, the occupations of skill, knowledge and refinement. Our age is going that way by a blind necessity, and the efforts of well-meaning philanthropists to throw people back upon the melancholy life of farms and the rude pursuits of cattle rearing will be as vain as they deserve to be. The drift of the times is wiser than the wishes of the benevolent.

The underlying movement, however, to make the farm hands' condition more human and enjoyable, to take from it many of its burdens and drudgery, to help those whose toil is so severe that they have neither strength nor heart left to help themselves, is every way praiseworthy. It comes from citizens more than from rustics, and will renovate many of the evils afflicting the agricultural laborer to the advantage of all parties, and of the whole country as well.

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The *Magazine of American History* illustrated, is an excellent publication by Mrs. Martha J. Lamb, and should be in the hands of all young people to make them familiar with the events of their native land. Nothing can be more desirable than such familiarity for our citizens, and nothing can tend to make our children more patriotic and truly American.

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The *English Illustrated Magazine*, published by Macmillan, is interesting and instructing as well. It contains stories, history, accounts of trade and general literature with illustrations of the finest artistic quality. We recommend it to readers without reserve. The January number has a valuable article on the "Sorting of Paupers," so as to keep the unfortunate from the criminal. The three classes are, the helpless, as children and aged; the accidentally pauperized, and the persistently indolent and worthless.

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The French *Journal des Economistes*, edited by G. D. Molinari, Paris, is an excellent magazine containing a wide range of economic articles all signed and often of original research. Its

resumé of foreign economic publications is thorough and complete and puts one *au courant* with economic discussion in most countries. One is astonished to see how widespread scientific economic discussion is becoming. At last mankind is devoting itself to subjects that concern its real welfare, and escaping from the futile matters that riveted the attention of earlier and childish generations. Even in Mexico, most backward of countries, "El Economista Mexicano" discusses economic matters, and though it indulges in diatribes against the rich for their want of generosity—that old and empty complaint—it also gets far enough on to discuss the cultivation of the truffle and the value of milk production, the system of co-operation, and the best way to arrange telephone wires. These are good topics for people whose only interest heretofore has been personal politics, revolutions and their duties to the church.

## Editorial Crucible.

Correspondence on all economic and political topics is invited, but all communications whether conveying facts, expressing opinions or asking questions, either for private use or for publication, must bear the writer's full name and address. And when answers are desired other than through the magazine, or manuscripts returned, communications must be accompanied by requisite return postage.

The editors are responsible only for the opinions expressed in unsigned articles. While offering the freest opportunity for intelligent discussion and cordially inviting expressions of well digested opinions, however new or novel, they reserve to themselves the right to criticise freely all views presented in signed articles whether invited or not.

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ACCORDING TO M. ROMERO, Mexican Minister to this country, wages of farm laborers in Mexico average 36 cents a day, which is about one-fourth less than the wages of agricultural laborers in England. We commend this fact to the consideration of those politicians who favor the annexation of Mexico to the United States; 36 cents a day laborers furnish pretty poor material for citizenship in a Democratic Republic. Mexico might fill the same function in national elections that the Southern States do, in being solid, but it would surely be a solid dead weight whose chief influence would be to lower our standard of civilization.

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PARTY POLITICS are able to blind certain minds so much as to make them think it their duty to show that we can do nothing in this country as well as other people. If a new industry is proposed they at once proclaim our inability to conduct it as well as some other nation, and array themselves against it, and by their very opposition help to defeat it. And so in regard to our public men; we are always wrong and other people right. In the Behring Sea controversy the *Post* and other journals devoted far more energy in trying to show that Mr. Blaine was wrong, than in helping to sustain American interests in the case. The same again in the Italian and Chilian

controversy. Having failed to make negotiations miscarry by belittling our representatives, they are now striving to create the impression that our success was unfairly gained.

The *New York World* complains of a discreditable difference between our treatment of Italian demands and our treatment of Chilian affronts, as if there were such a difference. We replied to Italy, lamenting the slaughter of her citizens, promising to do what we could, after examination, and made no delay to soothe Italian feelings. Then Italy blustered and we declined to go further at present. Chili blustered and refused to express her regret and disapprobation from the start, and compelled us to exact an apology. What more could we have done in answer to Italy and what less in regard to Chili? Can the *World* suggest the particulars of proper behavior?

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WE COMMEND Mr. Kimball's article to all readers as just intelligent and forcible. He puts the question of labor and capital in a clear and striking way as we hold it. Only in one point he seems to wander from the true position established by history and fact everywhere—when he says that competition among unskilled laborers tends to lesson their wages and throw them under "the grinding wheels of diminishing wages." The history of wages as is shown in Gunton's "Wealth and Progress" establishes the truth of a quite different premise from this, which is that though there is always plenty of unemployed labor on the market, yet wages are always rising in spite of competition as fast as the standard of living among lower classes of laborers rises. The competition among them is ineffective to prevent it. The differentiation of labor also comes less through education of the laboring classes than through a larger demand for goods arising from improved social conditions; and Mr. Kimball's stream of water is made to run more smoothly, not so much by clearing out the channel as by increasing the volume of the stream which thus becomes self-clearing.

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THE PROFESSOR OF ECONOMICS at Cambridge, England, Alfred Marshall, has actually nothing less confused to give us as

the basis of his work on the "Economics of Industry" than his assertions that economics have to do only with that part of human conduct which is directed towards the acquisition of material wealth, and those conditions which depend directly on material wealth; (as if there were any that do not). He divides wealth into material and personal, consisting of material sources of enjoyment which are exchangeable, and personal wealth consisting in energies, faculties and habits, physical, mental and moral, which make men industrially efficient—the rest are not wealth. And then he goes on to weave the old warp and woof of confusion, like a rag carpet, all color and no pattern, and so instructs the young Briton how not to understand the world and the courses thereof. How can energies and faculties be "wealth"! They are only the sources of wealth. They cannot be exchanged for anything—only the use of them can be bought or sold. Wealth is material, exchangeable and useful and of social value—nothing else is or can be, and much confusion is saved by so deciding everything. But to call unused energies wealth, is very much as if one were to call Indians rich because they hunted over lands full of coal which they never burned.

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THE EVENING SUN for Saturday, January 30th, has an article on the Decadence of Practice in English Law Courts arising from an increasing use of Boards of Arbitration to settle disputed cases. This resort arises from the delay of cases in court, and is really a business man's way of settling disputed cases in a business manner. Any decision is better for business than none, and a bad one to-day is better than a good one next year; so important to business is time. The law has never risen to a recognition of this fact and has pursued abstract justice with such a single eye as to forget that the interests of men are of more importance than the exact merits of any single case. Now the law begins to feel its lack of fees, and like any other human interest begins to take a sudden qualm as to its own procedures. Perhaps the layman is right in his complaints, it says, after centuries of stone deafness, and at any rate lawyers need

fees and might change. So the usual remedy rights a wrong, and law may begin to catch up with an age of steam and electricity through the effects of the whips of want and necessity. Money may add to its former triumph of having made the mare go, by making even that stumbling old coach horse, the law, go. This would be a triumph indeed. As things now are, the practice of law is still in the old hand-labor-mediæval condition which leaves all who have to do with it, clients, lawyers and judges, comparatively poor. No one becomes a millionaire through law practice legitimately followed, and the reason is the method of that practice.

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OUR ESTEEMED contemporary, the *American Economist*, is publishing a series of short articles written in a direct and emphatic style such as unsophisticated farmers and laborers can understand. This is a sort of writing much needed just now, but to give it full and permanent effect it is important that the statements of fact should be beyond question. In the issue of January 29th, the tariff sermon (No. 5) was devoted to American wages, and the writer makes two statements which appear to us to need a little bracing up. Among other things he makes the general statement that "It is conceded by all that American wages are from 60 to 150 per cent. higher than in England," and in referring to special industries he says: "Our textile workers earn from two to three times as much as the textile workers in England." If these statements are well founded it would be well for the *Economist* to support them by some indisputable data. But whether it is true or not that "American wages are from 60 to 150 per cent. higher than in England," it is not "conceded by all," nor is it likely to be unless well established. The second statement that "our textile workers earn from two to three times as much as the textile workers in England" is still more in need of support. We know of no evidence that would warrant such a generalization. Textile workers in Massachusetts earn very much more than in England, but their wages are not double, much less three times as much. We believe in Protection, but we do not think anything is to be gained by over-statement.



Probably nothing has injured the cause of Protection more than the habit of exaggeration. It gives the hypercritical Free-Trader his most effective weapon. Rational Protection can be amply sustained without the slightest over-statement of facts. Its friends can well afford to give the other side a monopoly of that kind of argument.

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WE ARE PLEASED to note that as the result of the article "A Plan to Improve and Beautify New York City," published in the December *Social Economist*, a City Improvement Society has been organized to carry into practice the ideas there suggested. Such a society is greatly needed in all our large cities and particularly in New York. No better work could be done towards promoting the social improvement of the masses of our population than to create an irresistible public sentiment in favor of street improvements. First and foremost among such improvements should be clean and well-lighted streets, and the greatest effort should be directed towards the streets where the poorest people live. To thoroughly clean and light the streets in our poor tenement-house districts would be one of the most cultivating and moralizing influences that could be introduced into our city life. We hope that this organization will begin in solid good earnest, and that all who are complaining of the inefficiency of our city government in this district will lend it a hearty helping hand,—not merely by saying good words about it, but by giving it the aid of their personal help in such directions as will best promote its success. We trust also that this society will not begin by trying to reorganize the political machinery of the parties, but confine itself to the presentation of specific, well digested propositions for practical improvements, and then use their power to create public opinion in favor of such measures. If this can be done there will be no difficulty about the machinery. Political machines are always ready to grind the grist that the people send to the mill. What is needed is a vigorous demand from the people for city improvements, and if the demand takes a definite practical shape there will be little difficulty in getting the political machinery to put

it through, whether the City Hall is in the possession of Tammany, County Democracy, or Republicans.

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WE RETURN to the recent remarks of the *Milwaukee Daily Journal* with reference to Rational Protection, in order to define our attitude a little more at length. It speaks of our phrases to the effect that we were mistaken as to the Democrats being tariff reformers, since they themselves claim to be really Free-Traders—as being “the screed of a partisan politician.” It then asserts that the Mills’ bill left a protection “to the manufacturer averaging 40 per cent.,” and declares that this is not Free-Trade, nor does it mean Free-Trade. We ourselves thought the same but were corrected by Democrats themselves; and our remark to that effect was so far from being a “screed” that it was a mere statement of what Democrats said. We wish it were not so, but so it is, if they themselves are to be believed. The editor of the *Journal* in his haste has perhaps, mistaken the fact that it is possible to hold the doctrine of Protection on economic grounds having nothing to do with politics. He might have learned this from the volume on “Social Economics,” wherein such a position is taken. In spite of his comparison of our phrase of “Rational Protection” to his of “Rational War,” we do sincerely hold that there is a Protection which is rational and scientific as well. We believe that the nation must protect its wage-level against the lower wage-level of countries using the same machinery with ourselves; and we think it more necessary to our safety that this should be protected than that we should increase our foreign trade by any device whatever; hence, we take the protective side of national policy.

Now we are taught by what Democrats themselves say that Free-Trade is the goal of their aspirations and efforts. The *Milwaukee Journal* declares for tariff reform, but we confess that we do not know where the split between tariff reformer and Free-Trader begins, nor we fancy does the *Journal*. But in fact the *Journal* becomes so heated in its bearings, if we may say so, in revolving round the subject, that it seems to be lashing

out against Protection as altogether vicious and indefensible, in which case it would have but one logical issue, which would be into early Free-Trade.

We think the *Journal* all wrong in its construction of English history in the matter of Flemish wool. We think the transfer of the Flemish woolen industry into England was an immense gain to the English, whatever it may have been to the "poor Flemish."

But "the masses have been sacrificed to the supposed interests of the monopolists," it is true, but that has been done by sacrificing domestic to foreign trade—a policy which severs the interest of manufacturers from the interests of laborers by separating the market of the manufacturers from the ability of his laborers to buy. If the capitalist has only the home market to sell in, he must see to it that that market is made a good one, by giving the high wages which alone make laborers to be good customers. Protection of a home market means no good to the manufacturer, but it means good to the laborer, whose welfare becomes dear to the manufacturer, because he is also the main customer.

Now this reason, if the *Journal* will permit us to say so, is economic and not partisan nor political. Nor is it a "screed" though with us it is a creed. And if we may be still further indulged in our way, we will go a step further and say, as we lately argued in a past number, that politics are altogether secondary to economics in importance; that our interest in matters is always economic first, and all other things later. If we teach any doctrine whatever, it is because we hold it to be economically sound. If any political party shall agree with our economic position, that party or party's position we shall praise; if any shall differ from our economics, that party or party's position we shall oppose, because we are certain that sound economic thinking and doctrine will bring us out of all troubles, and that unsound economics will create new dangers and distresses. When lately, Mr. Coombs of Brooklyn, proposed the true idea of Protection as previously laid down in Gunton's "Social Economics," we did not differ from him. When any

one else does likewise we shall make haste to agree with him. We "believe in new machinery" indeed, as the *Journal* says, but it does not follow that we hold the theory of "protection to industry" to be either "worn out" or "political." We do not so believe; on the contrary, with all its wabbling and errancy, we believe it to be right in its general purpose and good in much of its product. At any rate even the *Journal* would not call Free-Trade a new machinery surely, since it is really no machinery, but rather an absence of all machinery.

If the *Journal* will tell us exactly by what principle it would push its tariff reform, and how far, and for what reasons, we may find ourselves agreeing with it, and so save heat and hard words, we may run in collar together to one goal of national prosperity, which we both so much desire. The real trouble with the *Journal*, if we may venture to hint a doubt of its positions, seems to us to be that it is not devoted to economics purely and simply, as we are, and intend to be, but primarily to politics.

Now we shall hold to economics as Mr. Lincoln held to the Union when he said, "If the Union can be preserved with slavery I shall preserve it, if without it I shall still preserve it—my object is to preserve the Union in any case." So our policy is to preserve economics in every case, and of this we hold Scientific and Rational Protection to be as desirable to trade as it is to persons and property. We are not "obstructive" but constructive, we are not "destructive" but re-constructive, and do not believe in letting everything alone. Nations are not built up in that way. Nations are not made out of haphazard like a chance bird's nest. They are the product of wise laws, strong defences, comprehensive principles and perpetual self-protection.

# SOCIAL ECONOMIST.

MARCH, 1892.

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## **Economics and Party-Politics.**

THE SOCIAL ECONOMIST occupies a unique position in the discussion of public affairs. It is published by the Institute of Social Economics, not as a financial venture nor as an instrument of any political party, but solely to discuss public questions from the economic point of view represented by the Institute which may be briefly characterized as Evolutionary Economics. Our position differs from the old school, in that it is strictly inductive, being evolutionary, rather than abstract and metaphysical. Briefly stated our object is to interpret the character and influence of all societary institutions as revealed in the history of their development. Throughout the history of society man's every effort has been directed, so far as he knew, towards introducing industrial devices, religious systems, ethical codes and political institutions for increasing the safety, comforts and luxury of life and modifying or discarding the institutions according as they fail to serve that end.

From our point of view, therefore, political institutions are but a social machinery for advancing the welfare of the people. And properly understood, then, statesmanship is simply applied economics, the art of using political institutions for the industrial and social development of the people. And since political parties are but a means of organizing public opinion, they are but a part of the machinery of statesmanship, whose claim to support depends entirely upon the economic soundness of the policy they represent. Logically and scientifically, then, economics are the basis of politics, and no political party is entitled to public confidence upon any other basis.

This is the position THE SOCIAL ECONOMIST has taken from the start and intends to maintain. We are aware that this is something of a departure from the usual methods of journalism, for, as the New York *Sun* observes, (and it is authority upon that subject), newspapers are "conducted for the purpose of pecuniary profit," and in order to procure a profitable constituency, they usually become the advocates of the policy of some political party, and of course make the success of that party the objective point in their discussion of all public questions. Thus they naturally fall into the habit of subordinating the treatment of economic and social questions to immediate party success. By their very nature party organs are special pleaders and are incapable of taking a truly scientific attitude in the discussion of new problems. Of course political leaders and organs desire that their party should be right on public questions, but their first concern is as to the immediate success of the party itself. Hence no matter how sound a proposition may be, if it is liable to even temporarily injure the party it will receive their opposition; and contrariwise, if it will help the party to power it will be endorsed, however superficial or unsound it may be.

This is why we sometimes find otherwise able journals making a complete face-about on important questions of public policy solely because the needs of the party as a political organization seem to demand it. Witness the attitude of the Democratic press on the tariff question. Until after the election of Cleveland the only Free-Trade journals in this country were a few mugwump papers which then belonged to the Republican party. Democratic editors were all Protectionists and resented the very idea of Free-Trade. But when Cleveland committed the Democratic party to a Free-Trade policy in his famous 6th of December message to Congress (1887), the whole Democratic press (with the exception of the New York *Sun*) faced about and began to advocate Free-Trade, entirely as a matter of mere party expediency.

Now while all this may be highly important to the perfection and permanence of party organization, something quite different is necessary to the development of sound public policy. The quality of a product must always depend largely upon the

material of which it is made. The most perfect political organization cannot produce a sound industrial policy from erroneous economic ideas any more than a perfect loom could produce high-grade cloth from shoddy.

The habit of subordinating economic and social problems to party expediency has become such a powerful element in journalistic success that many editors not only find it impossible to take the scientific position themselves, but are unable to understand how anyone else does so.

This has been strikingly illustrated by the Milwaukee *Daily Journal* and other papers in discussing our articles on Protection. When we announced our intention of publishing a series of articles on Rational Protection they expressed their eagerness to see them. The Detroit *Sunday News* said it would reprint them and the Milwaukee *Daily Journal* promised them its careful consideration. They evidently assumed that Rational Protection meant some variety of so-called tariff reform, which, as everybody now knows, is but a disguise for Free-Trade. But when they saw that by Rational Protection we meant more scientific Protection their whole attitude changed. Indeed the fact that Protection could be placed upon a scientific basis and applied in accordance with strict economic principle appears to be more objectionable to them than the traditional haphazard treatment of the subject, because it is less liable to bring grist to the party mill, since to rationalize Protection is to prevent Free-Trade from being an available political issue.

Consequently, instead of endeavoring to enlighten its readers upon the subject by fairly discussing the propositions presented, the *Journal* adopts the tactics of "abusing the other counsel," and appeals to the party prejudice of its readers by declaring that THE SOCIAL ECONOMIST is Republican—as if that were the worst thing to be said about any publication.

In the last issue that has reached us it says: "The *Journal* was not mistaken in its estimate concerning THE SOCIAL ECONOMIST for December. Its January number is even more marked in the characteristics of the partisan politician;" and then proceeds to attack Protection as advocated in England a century ago, as if

that had any relation whatever to anything we have have said upon the subject.

Now we have discussed Protection from a very different basis, namely, protecting the economic elements of higher civilizations, which we insist is represented by the higher standard of wages. Moreover, from our point of view, Economic Protection is not obtained by applying tariffs in favor of lower against higher wage countries, which is unlike anything advocated or adopted by the English, and has very little in common with much that is said and done in the name of Protection in this country. We are, as the *Journal* knows, opposed not only to the English theory of Protection, but very largely to the whole English theory of economics, which it is needless to say obtains very largely in this country. Therefore, to cite the absurdities of English protective experience centuries ago, or much of present American tariff advocacy against us is as irrelevant as it would be to cite a Pope's Encyclical against a modern Unitarian. We advocate Protection from a different point of view, and it is to the correctness of this view that we invite the attention of our contemporaries, not to deal with that is to miss the mark.

Much that the *Journal* says about English history is loose and incorrect, but that which is true has absolutely no bearing upon our proposition. The idea that the evils of the English Gang System, for instance, is attributable to England's previous Protective policy, and that the prosperity of the manufacturing part of England is all due to Free-Trade, is in fact ridiculous. For when Protection did exist in England, it applied to both sections of the country alike, and when Free-Trade came, whatever its advantages, they applied also to the whole country. The effects therefore ought to be as apparent in one section of the country as in another. The truth is, however, as we have elsewhere pointed out, the great advance of the masses in the manufacturing districts in England and the almost static condition of agricultural laborers is due to another and entirely different cause from Free-Trade.

We should not stop to discuss this but for the fact that the attitude of the *Journal* in the matter is so typical of party papers



everywhere in discussing economic questions. Fortunately it is of little account to us whether we are called Republican or Democrat. THE SOCIAL ECONOMIST is here to discuss public questions from a strictly economic point of view, and it is going to do it. We have no sympathy with any statesmen or party except as they are favorable to a sound progressive policy. Now we have shown that immediate Free-Trade, so far as this country is concerned, would be a decidedly uneconomic policy, and contrary to the fundamental law of social and national evolution, and that Protection properly understood is an inherent principle in every progressive society capable of scientific application. We are therefore emphatically opposed to immediate Free-Trade, and against any party whose object is to force that policy upon the country. Whether that party bear the name of Republican or Democrat, is a matter of entire indifference to us. We are opposed to the Bland Free-Silver Bill, to the Sub-Treasury plan, to Government ownership of railroads and telegraphs, to the involuntary importation of Asiatic or European cheap labor, the purchase of Cuba and all similar measures for the same reason, namely, that they are uneconomic and would hinder the industrial and social advance of our people. On the other hand we favor Rational Protection and a scientific re-adjustment of our monetary system, the development of factory methods in the South, the concentration of capital in manufacture and transportation, larger farms and better machinery in agriculture, a simplification of our revenue taxation, and an immense increase in expenditures for public improvements, especially in our cities; shorter hours of labor for workmen, prohibition of child labor under twelve years of age, and half-time schools for all working children under sixteen.

We favor these and kindred measures because they are directly in line with the progressive movement of society, and we shall support any statement or political party that will help to bring about their adoption. It is therefore useless for our contemporaries to attempt to score a point by saying that we are Republican or Democratic. Such criticisms are shots in the air so far as we are concerned. They might have some bearing if directed against purely party organs like the *Louis-*

*ville Courier-Journal*, or the *New York Tribune* whose sole mission is to serve their party without regard to the soundness of its policy. But THE SOCIAL ECONOMIST is not a political publication. We are under no obligation to any political party except to the extent that it represents sound public policy. We are economic or nothing. We invite the most rigid criticism of all propositions we advance; if they cannot be maintained on strictly economic grounds, we are ready at any time to modify or abandon them, and unless our contemporaries can show either that our facts are wrong, or our reasoning incorrect, or our general propositions unworkable,—their objections are of no more account than is the babbling of brooks to the running of a railway train.

## The Democratic Movement.

The most remarkable feature of our time is doubtless the movement of our people as a mass towards a higher civilization. An immense discontent is visible everywhere, a universal desire in all to improve their physical condition. Conservatives and Rip Van Winkles generally look upon the movement as dangerous, speak of the times as troubled, deplore the unrest as indicating a worsened social condition, and shake their heads dismally over the outlook for the future. They speak of "the good old times" as they had done before Horace's day. They are of course out of sympathy with the flight of affairs forward, being somehow strangely sure that their ancestors knew it all and that the instruction of their own boyhood was preëminently the instruction to give everybody. So they plead for peace and tranquility. They hope the day of new-fangled opinions will soon be over. They want things to settle down and become fixed, as they have been in China, for instance. But they hope in vain. Settled times will never return. The world has tasted of the fruit of the tree of real knowledge, and is so enchanted with its flavor that it will never cease to "pluck and eat." To discover, invent, increase production, multiply comforts and pleasures, enjoy life, is becoming a universal passion and once aroused can never be quieted. Conservatives in Church, and State, and society are as inevitably doomed to extinction as was the Dodo. They belong to a past error; they will be aborted as useless members of community; they can no more save themselves in the general move forward than a forest can stand before the slip of an avalanche. Whoever gains, they lose, and even when they win, their victory is disastrous to themselves. And they seem to win often though losing always.

But the Democratic movement has set in to stay and to increase. It is not a mere temporary disturbance which is seeking adjustment—an effort to get to a better estate and then

rest at that. It is far more than that, and means nothing less than a perpetual journey of the human race itself forward and upward. Those who imagine that society is merely dragging its anchors in a high gale of popular discontent are altogether out of their reckoning. Society has really parted its old cables and hoisted sail like Columbus for parts unknown, for new continents of civilization and new methods of life. And the men who are trying to adjust, arrange, tranquilize and settle our present disturbed conditions in such fashion that movement and discontent shall cease, are simply blowing against the wind. That the onward movement can be made to advance more smoothly we fully believe, but the first thing for all parties to concede is, that it cannot and should not be arrested; that all efforts to stop it are only so many useless obstacles thrown in its way.

Conceded then that the movement is to go on, the first change we desire to see in the public mind is that men should take pleasure in the movement and delight in its increasing rapidity. The second is that they should study the method and the means of it in order to speed its progress.

Nor is the change of mental attitude towards the new progress from one of doubt, suspicion and fear, to one of confidence, courage and cordiality, altogether an easy matter to effect. The human mind, like that of the animal, is slow, timid, and low-spirited, much given to superstitious fears and unreasoning prejudices, fond of uncomfortable habits and old wretchedness, averse to exchanging old clothes for new ones, and curiously confident that the beliefs and customs in which it was trained in childhood are the very essence of wisdom and the very elixir of truth. The Chinese worship of ancestors is far more widely extended than the Chinese race. Now regarded historically, this condition of mind is no way exceptional. Man shares it with all the animals. An animal is a creature of fixed type, habits and conditions, fixed to one habitat, one food, one dull routine of existence, one mechanical response to external conditions. As are the parents, so are the children; as is the lion or the ox of to-day, so was his ancestors centuries ago.

Our lower races show a similar fixity of type. Dark skinned, of equal stature, limited vocabulary, few tools, narrow pursuits, mostly given to war, theft and lust, they persist in generations of similar offspring in which there is little diversity and almost no change. In fact it is held universally among them that an innovation is sinful and will bring down the anger of ancestral Gods. And the same conservatism reaches down through century upon century of slow, resisted, and difficult change. Ever the old combats the new, denounces, denies, scoffs, hates and fights it. So that whether one proposes to change a sentence in a creed, or to elevate a commoner into the nobility, or to introduce a new style of music, or a new method for balloting, or a new point of view for tariff, or a new machine for street cleaning, or a new railway, he is immediately involved in a hot dispute or quarrel of great discomfort and intensity. All the hive of conservatives fly at him indiscriminately, quite irrespective of the merits of his proposals or performances, blindly intent on stinging his novelties to death and himself along with them. But this attitude is making for no good in a progressive society. It might do very well for a static society of caste, privilege and monotony like the Hindoo, but in an advancing community it is like the boulders in the bed of a river which make all the brawl, confusion, froth and rage of the hindered stream. It is the refusal of multitudes to be willing to float forward, that irritates and corrodes the world's advance.

But we have had experience enough now in movement to know that the chances are all against the old and in favor of the new. In any controversy this general truth emerges, that the old view, the views of our ancestors, were childish, ignorant, narrow, unnatural, and that the new is far more mature, intelligent, broad and in accordance with nature's order. The presumption is fully shifted over to the side of novelties and in their favor. Just as the newest machines are likely to be the best, just so the newest ideas are presumably the best. And even the newly proposed follies, freaks and whims are likely to be better than old things of that class of which there are so many embodied in our institutions and current social formulæ.

The attitude of mind, then, which we desire to see become popular towards novelties is one of gracious and expectant hospitality. The wooden type of mind of stolid resistance should be encouraged to disappear. The past of human history with its wars, superstitions, lusts, its animal and stormy passions, its assumptions of rank and birth, its privileges for the few, its heedlessness of the many, is certainly not so sweet, noble and beautiful that any one need to desire its perpetuation in human affairs. If we of to-day with our vast new knowledge of nature and new facilities for discussion and comparison cannot make our history better than the ancient, it would be a pity indeed, and give us despair of the human race. But we can and are doing it daily. The wide peace of the present world, the order and system of its civilization, the rising wages of working classes, the increase of great cities and decrease of separated and lonely farm life, our multiplication of arts and production, our freedom from plague, pestilence and famine in comparison with bad old times, all indicate that man has come to maturity and is writing his history in terms of a better and more rational career. Not Napoleon, but Edison is its type and illustration—a man devoted to benefiting humanity and not to killing off his generation, a multiplier of comforts and not a destroyer of lives.

They then who persist in rejecting, distrusting, fighting new ideas in any direction do so at great peril of continuing old evils and the ancient misery of mankind. They are the disturbers, rather than the reformers. They complain of novel notions coming in to discharge the existing misery, customary injustice, reigning bitterness, hatred, privilege, ignorance and oppression. They wish to conserve the old chaos as was said of Metternich. But if they will open their minds and salute the rising sun, the warmth of the new spring time will nestle about their hearts and the promise of the coming summer gladden their anticipations of the future. Then they will help, and not hinder, the better days whose dawn is already high upon the horizon of the coming times. They will cease from looking backward with Mr. Belamy, and will begin to look forward along the lines of the human movement which is towards a realized ideal. They will regard

the turmoil and confusion of the times but as the breaking up of camp and the wheeling into line for the new forward march. And instead of losing their heads about the inevitable and bewailing the loss of old landmarks, they will retain their self-possession and judge all things carefully, while not fearing to join the army of progress in search of fresh woods and pastures new. The human horizon is no longer the circuit of hills about the special home of our childhood; it is "beyond the paths of all the stars" and removes with the change of the scenes of every passing day.

Of course the over-cautious attitude of mind is slowly changing under the incessant action of new invention and steam machinery, until, in this country, there is getting to be a favorable presumption towards new mechanical devices of all kinds. It only remains to change in like measure our mental attitude towards the social and intellectual changes which are following and must continue to follow the new rate of speed set by mechanical devices. For the movement of the world is, as we have said in other articles, really at bottom a movement by tools and machinery. And when they are whirled along by locomotives, men can no more think the same things which they think when dragged along by horses, than an Indian paddling a canoe can have the ideas of a passenger in an ocean steamer. The machinery of electricity has changed the thoughts of everybody respecting thunder showers. One can now no more see "the glance of angry Jehovah" (as Whitfield says), in the lightning of a thunder storm, than he can see glancing of a spirit in the gleam of a running brook.

And what we plead for is that men shall encourage the state of mind which tends to bring one abreast of the new rate of speed and power of accomplishment which steam and electricity have lent to us. Mr. Ruskin indeed and men of his school are so far from realizing what an immense and beneficent change the new motors are producing in all strata of society, that he openly complains that "all they have done is to make the world smaller." He should have said on the contrary that they had enlarged the world for each individual by giving him access and relations to a far greater part of it, and promoted brotherhood by bringing people closer together.

But having once realized the depth and breadth of the modern movement, the fact that it embraces the whole of society, lower as well as upper class, the real thing is to begin to enjoy the new activity and to join intelligently in speeding it forward. How many to-day stand by the wayside deploring the necessities that compel them to advance whether they will or no. The stir and change of modern times bewilder and depress them ; they wish to fly away and be at rest. They do not realize that the number and rarity of their comforts is the result of the change they deplore. Their heated houses, their light and warm clothing, their comfortable carriage and cars, their rubber garments, their quick communications, all are the result of strictly new ideas. They wish indeed to keep all they have, but still distrust the possible advantage of the untried. But what they need is to remember that nature has just begun to be explored, that machinery has but just begun its marvellous career, that the burdens of mankind have only just begun to be lifted and the regeneration of society only recently become feasible.

And the rising tide of democracy is attributable to the fact that the new purchase on nature which man has secured through machinery is bringing the masses of mankind to a position of so much leisure, so much intelligence, so much organization, so many and various desires and wants that they are all fitted to take an active part in affairs and contribute to the general welfare. This is indeed the advantage and exceeding great power of the modern world. It is that the many are joining in the movement and giving it volume and strength. In the ancient world the masses were dead weight, not motive power. Now they are becoming motive power ; and by as much as there is more brain, more brawn, more productive force, more consuming capacity, more automatic action, more independent desire and effort among them, by so much more is the scope and range of the modern movement increased and its potency for good enlarged. It is no longer the intellect and leadership of one man but of many men that drives forward events. And though to the cloistered scholar and the aristocratic conservative sitting aloof and considering affairs from their relations to himself or his small class,



the extent of it seems appalling and like the stampede of herds of cattle across the gardens of old civilization, it is really not so at all. It is rather the advance of our industrial army organized, intelligent, energetic, into the depths of the wilderness whose fields it makes to blossom as the rose with the results of its soil. It tills the fields, it plants cities, it builds roads and and railroads, it steams along the rivers, it invents machineries, it rummages nature to discover minerals and materials of benefit, it digs canals, it irrigates deserts, it bridges streams, and makes a continent of forest and prairie into an immense and teeming granery sown with human homes and alive with rational and progressive men. The savage gives way to the citizen, the war-whoop to the factory whirr, the wigwam to the palace, the canoe to the steamer, the bullet to the ballot. There is nowhere retrogression but everywhere an advance.

And as there is material improvement, so there is intellectual and moral progress. The people push not only into more wealth and comfort, but push also into the realm of ideas and principles. Society requires a larger organization than that which sufficed for the days of Washington, larger than that which contented any time before the use of steam power. And the new complexity, the jostle and contention of the new and vast forces developed by the brain and work of such masses of men calls indeed for constant attention, perpetual direction and arrangement such as requires the best efforts of all to determine and enforce. Were not all concerned in the justice and success of the whole, were not the interests of all combined to bring out a satisfactory method of never-resting advance, one might well despair and join the noble army of croakers; but since all are concerned, and all interests are involved, necessities themselves conspire to force the movement to keep step with principles of usefulness and civilization.

Really the welfare of humanity is completely bound up in the success of the Democratic advance—or rather say, since humanity is democracy, the democratic movement is that of humanity itself. The civilization of a few called the upper classes is really not a civilization of mankind at all in any large

sense. The far famed and highly prized civilizations of Greece and Rome were really very partial and limited affairs and concerned but a select few of the human race; and the same is true of all civilizations, including those of modern Europe till the push of the democratic impulse. Never before the present half century did mankind itself rise up and take the road to every benefit and pleasure in the universe, resolving not to stay its march till all classes participated in the blessings of its advance. And they who resist and oppose it—and their name is still legion—they who still stand for privilege, or exclusiveness of their own class, or for educated men, or for mere society, or for church, or any cause, doctrine or politic which carries with it anything less than the progressive welfare of everybody, is just so far an enemy of his kind and a friend to selfishness and self-indulgence of a narrow type. Only with the defeat and overcoming of all such, can humanity reach its now visible goal of general elevation.

And it is for this reason that we must always side with the masses as against the classes—with the many who strike against the few who are struck against, with the toilers of the street against the teachers of the schools, with the works of the workman rather than the ideas of the jurist and thinker, with the realist against the idealist, with workers against talkers, with all that is common against all that is dainty and superfine. For here lies the welfare of the greater number of men, and the greater number of men is everything.

## A Way to Equalize Gold and Silver.

The agitation now in progress within and without the halls of Congress upon the silver question, so-called, and the free and unlimited coinage of silver, is one which cannot but interest the attention, to a greater or less degree, of every thinking person.

In the Constitution of the United States we find that the power to "coin money, regulate the value thereof and of foreign coin," has been delegated by the people of the United States to Congress, and that the several States of the Union are expressly prohibited from exercising this power as well as from making "anything but gold and silver a legal tender in the payment of debts."

Only a few lines of the essays in the Federalist are devoted to comment on these two important clauses of the Federal Constitution. Madison says, concerning the first clause, "All that need be remarked on the power to coin money, regulate the value thereof, and of foreign coin, is, that by providing for this last case, the Constitution had supplied a material omission in the articles of Confederation. . . . It must be seen at once that *the proposed uniformity* in the *value* of the current coin might be destroyed by subjecting that of foreign coin to the different regulations of the different States." (*Federalist*, p. 334.)

Concerning the second clause, Madison remarks:

"The right of coining money, which is here taken from the States, was left in their hands by the Confederation as a concurrent right with that of Congress under an exception in favor of the exclusive right of Congress to regulate the alloy and value. In this instance, also, the new provision is an improvement on the old. Whilst the alloy and value depended on the general authority, a right of coinage in the particular States could have no other effect than to multiply mints *and diversify the forms*

*and weights of the circulating pieces.* The latter inconvenience defeats one purpose for which the power was originally submitted to the Federal head." (*Federalist*, p. 350.)

These contemporaneous comments show it was to have been the intention of our forefather statesmen, that the current coinage of our country should be uniform, not only in design and weight, but also, *in value*.

All money exists because trade and commerce demand media for which their different commodities may be readily disposed, and the slow and unsatisfactory means of barter and exchange be thereby avoided. An essential element of all money is that it shall, in the locality where it is used, be a common measure of value.

The silver dollar which the farmer receives in payment for his produce should be equally acceptable to his creditor and so far should liquidate, without discount, the principal and interest of the mortgage on his farm. In short, aside from the fluctuations in values resulting from local or exceptional causes, no greater measure in value of the property of a debtor ought to be required from him in payment of debt than he receives from the creditor when he incurs the obligation, or than he obtains during the same time for his labor, produce or goods in the open market.

Many will at once say, that with a double standard this is fully accomplished by simply making both standards legal tender, and maintaining the proper ratio in the coinage of the respective metals. How it happens that without further legislation such is not, and never can be the result, is worthy of examination, so that the efficiency of the remedy here suggested may be better understood.

The creditor class of this country and of Europe knowing that there is less gold than silver in existence, and that, in case of financial disturbance the relative value of gold far outstrips that of silver and other media, uniformly requires the debtor class to agree to pay and discharge all indebtedness of any considerable amount in gold coin, or its equivalent in value at the time of payment.

When it is remembered that the principal and interest of the bonded indebtedness of almost every, if not every, steam and street railroad company, gas company, water company, electric light company, steam heating company, irrigating canal company, and numerous other corporate enterprises, as well as almost all the large loans made to private individuals, are, by contract, expressly made payable in gold coin, the reader will appreciate the extent to which silver, as a medium of exchange, is by contract demonetized.

Whenever any of the money markets of Europe are short of gold they fall back upon this country and its securities. They sell our gold securities at a discount for ready gold. Thereby there is a continual drain upon our resources and upon occasions a sudden exportation of whatever gold we may have accumulated from the balance of trade. This not only depreciates our gold securities but also increases the premium on gold.

It is this power of contract which is exercised to such an extent, and for such an enormous amount of the entire capital of the United States, which maintains, and which, unless prohibited, will perpetuate the inequality between gold and silver as media of exchange. This state of affairs is due entirely to the creditor class popularly known as, and well represented in this country by, "Wall Street."

The fact that there are by law two kinds of coined money, gold and silver, each of which is by law made legal tender, permits the creditor and debtor to lawfully contract for the payment of all obligations entirely in one of the kinds of coin to the exclusion of the other.

The principle of law which sustains the validity of the contract of the debtor to pay his debts in gold coin, or its equivalent in value at the time of the payment, and prevents him from using silver or any other medium of exchange, although the same may be a legal tender, is not new. It was enunciated by the Supreme Court of the United States in deciding the case of *Bronson v. Rodes*. (7 Wall. 229.) In this case, one Metz, in December, 1851, executed his bond for the repayment to Bron-

son of fourteen hundred dollars, in gold and silver coin, lawful money of the United States. This bond was secured by mortgage upon real property which was subsequently sold to Rodes, who assumed its payment. In the meantime the Acts of Congress of 1862-3, making United States notes issued there under legal tender, having been passed, Rodes, in January, 1865, tendered to Bronson the amount due on the bond and mortgage in United States notes. In holding that the tender of Rodes was invalid and that the debt must be paid in gold and silver coin the Supreme Court of the United States said: "It follows that there were two descriptions of money in use at the time the tender under consideration was made, both authorized by law and both made legal tender in payments. The statute denomination of both descriptions was dollars, but they were essentially unlike in nature. The coined dollar was, as we have said, a piece of gold or silver of the prescribed degree of purity weighing a prescribed number of grains. The note dollar was a promise to pay a coin dollar, but it was not a promise to pay on demand or at any fixed time, nor was it convertible into a coin dollar. It was impossible, in the nature of things, that these two dollars should be the actual equivalents of each other, nor was there anything in the currency act purporting to make them such. How far they were at that time from being actual equivalents has been already stated.

*"If then, no express provision to the contrary be found in the Acts of Congress, it is a just if not a necessary inference, from the fact that both descriptions of money were issued by the same government, the contracts to pay in either were equally sanctioned by law. (Bonson v. Rodes, Wall., 229, 251, 252.)"*

This same power to discriminate in favor of gold and against silver is sedulously preserved by the express language of the last Act of Congress concerning the coinage of silver. That act provides that silver certificates "shall be a legal tender in payment of all debts, public and private, *except where otherwise expressly stipulated in the contract.*

Viewed in the light of this article, the foregoing portion of the law is ridiculously inconsistent with the closing words of

the same section of the act, wherein it is declared as, "being "the established policy of the United States to maintain the "two metals *on a par with each other upon the present legal ratio*, "as may be provided by law."

Many persons will say, that the debtor and the creditor should be left free to contract as they see fit. Let us see how much freedom of contract the debtor has, as the law now stands. The creditor who has money to loan, has the whole of the United States as a field of competition. If the man who desires to secure a loan in one place, will not agree to pay in gold coin, the creditor easily loans his money elsewhere, to one of the many who are glad to accede to his exactions. No corporate enterprise, desiring to negotiate its bonds, dares to make them payable in anything else than gold coin, or its equivalent in value. The energy of the country must at once stand still, unless the debtor class can unite on a course of action in which all shall refuse to agree to pay in gold. This the creditor class know is absolutely impracticable. There is always some one willing to take the chance of fluctuations in money values, and ready to pay the difference in value between gold and silver at the time the debt matures, in order to secure the desired capital. The necessities of, and the competition between, members of the debtor class, practically place it *entirely* in the power of the creditor class to exact their own terms, including payment in gold. Moreover, in many instances, the debtor receives the loan measured by the silver standard; and, having agreed to pay in the gold standard, must suffer not only the loss, if any, resulting in the differences of value existing at the time he receives the loan. In all cases where the debtor is under obligation to discharge his debt in gold coin he will attempt to throw the burden on some one else, even less able than himself to bear it. If, for instance, he be a merchant, he will accordingly mark up the price of his goods proportionately, so as to realize the difference in value between the two standards, out of his customers, who pay him in silver. The writer believes that a careful examination will demonstrate that this difference in value between gold and silver eventually falls upon, and has to be paid entirely by the

producer, who is the representative of the industrial and laboring classes of the country. And these classes in our country are the mass of the people.

Thus, there is under the present condition of affairs, a very large continuous drain on the mass of the people of our nation, which is represented entirely by, and in fact is, nothing more than the forced and unnatural difference between gold and silver as media of exchange—a tax upon the masses for the benefit of the few, for which the masses receive no equivalent whatever.

May it not then be true that this never-ending tax is largely responsible for the financial distress prevailing to such an extent in some of our industrial and farming communities?

Practically, then, as the law now stands, the debtor has no option to agree to pay in silver, he has no freedom of contract. Silver is only a legal tender to the limited extent that the small number of the citizens of the United States who constitute the creditor class, are condescending enough to permit it to be used. Truly, a pitiable position for a great government like the United States, supposed to be vested with the sovereign power "to coin money and regulate the value thereof," to be placed in. The restoration of silver to free and unlimited coinage will not be likely to accomplish the end desired. For, under existing law, the more silver there is coined, the smaller the amounts will be that the creditor class will permit to be paid in silver. It should be remembered that it is the one who contracts the obligation, who has to discharge it. If there is more than one means by which the obligor can discharge his obligation, he ought to be permitted to make a choice of the means. In commerce, it is the debtor class who are the real circulators of our money. If, then, the power to say in which of our kinds of coin the debt shall be paid, be taken away from the creditor, and the option be given entirely to the debtor, to pay, either in gold or silver, or gold or silver certificates of the kind hereinafter described, or partly in one and partly in the other, this option to be exercised *only* at the time of payment—the main, if not the entire cause of the inequality between gold and silver as media of exchange, will be entirely removed, and gold and



silver will be equalized so far as all transactions between the creditor and debtor classes are concerned.

To absolutely insure the unrestricted exercise of this option by the debtor, its waiver should be prohibited and there should be ample penal legislation, punishing by suitable forfeitures and penalties any creditor who directly or indirectly seeks to evade the law.

The unreasonable use, however, of fractional or dollar coinage in the payment of comparatively large sums at one time, should be prohibited.

It is important that the debtor's option should not be required to be exercised by him until the time of actual payment. This will prevent the members of the creditor class from having knowledge of the amounts of either gold or silver, which they can at any one time control, and thereby prevent combinations to affect the value of either one. Moreover, the constant interchange of either of both gold and silver all over the country at the times of payment, will operate as a continual equalizing process, and will take away from gold the fictitious premium which it now has.

In the present condition of affairs the debtor and creditor classes are essentially antagonistic. Any plan for obviating, to any extent, this antagonism should be hailed with delight. If this option should be given to the debtor, the interests of the debtor and creditor at once become united. It would then be to the interest of every creditor to see that the financial affairs of the country are so managed and conducted that his debtor does not pay him in depreciated coin. Furthermore, the creditor class would thereby be absolutely restrained from embarking in any schemes or speculative enterprises, such as have been frequently carried out for the purpose of causing disturbances in the financial condition of the country, to the detriment of the debtor class. The creditor class would be bound to join heartily with the debtor class in protecting our financial system against the attacks of all common enemies.

Although, as before stated, there are many existing contractual obligations made payable expressly in gold coin, or its

equivalent in value, any legislation to accomplish the purpose here suggested, should be passed without any exception in favor of pre-existing contracts. This should be done, not only for the purpose of determining and appreciating the efficiency of the law, but also because at the present time, on account of the immense volume of indebtedness payable in gold, this or or any other plan of equalization could not be successfully carried out with any such exception. The indebtedness being payable either in gold or silver, or both, there could be no legitimate loss to the creditor class.

That there is ample power vested in the United States government to do this there can be no doubt. It is certainly conferred as a right incident to the power to coin money and regulate the value thereof, in order to prevent discrimination against the silver coinage, already a legal tender.

To fully accomplish this plan for the equalization of gold and silver, this principle of law should be applied to the National Banking Act, so that all bank notes should be redeemable in either gold or silver, or in Federal gold and silver certificates, and the circulation of such notes might be secured by deposits of gold and silver coinage indiscriminately. All bank reserves required by the National Banking Act, should be permitted to be held in gold or silver coinage indiscriminately, at the option of the bank acting as the reserve agent. This same principle should be applied to all the fiscal relations of the government except those with non-resident aliens and their property, and the payment of imposts and similar charges. These rights or privileges should be protected by suitable penal legislation, punishing all direct or indirect evasion or attempted evasions of the law.

This principle should be further applied to all coin certificates and currency heretofore issued by the government of the United States. They should all be called in, and new coin certificates issued in lieu thereof, which by the provisions contained on their face, and the law under which they are issued, should be redeemable in an equal number of dollars in either gold or silver coin, or certificates aforesaid, of the present

standard of value; or such proportion of each as should by the proper government officials be deemed to be in accordance with the financial interests and conditions of the *debtor* class and the treasury of the United States, but without discrimination in favor of either gold or silver.

In order further to facilitate the general plan, the small denominations of one and two dollar notes in currency should be withdrawn, and their places supplied by an equal amount of silver coinage.

JAMES H. BROWN.

DENVER, COLO., July 1st, 1891.

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It will be observed that the object of Mr. Brown's proposition is to keep the value of gold and silver equal. This he proposes to do by transferring the right of choice of metal in which debts shall be paid from the creditor class to the debtor. He does not appear to see that for the same reason that a creditor would stipulate that debts shall be paid in the more valuable metal, a debtor would decide to pay in a less valuable one, and that so long as the two metals are of different value the mere fact that the debtor should have the choice would not tend to equalize their value. It is difficult to see how business security would be increased by any change in our monetary system which should merely transfer, what now appears to be a disturbing power, from one class and give it to another. What we want is to eliminate the disturbing element altogether. If silver were cheaper than gold, of course debtors would all want to pay in silver, for the same reasons that under similar conditions the creditors would prefer debts to be paid in gold. It is not difficult to see that under such circumstances silver would soon replace gold as a medium of exchange. And if for any reason the relative value of the metals changed sufficiently to make it of interest for the debtors to prefer gold to silver, then silver would be replaced by gold and our whole business basis again changed.

The difficulty with such propositions is that they are formulated without due consideration of the causes which deter-

mine the value of both gold and silver. Like nearly all writers on silver, Mr. Brown assumes that the value of the two metals is governed mainly by their relative quantity, supply and demand. As a matter of fact, however, the relative quantity of the two metals has almost nothing to do with the permanent value of either. That is determined, as in all other instances, by the law of cost of production. The only reason that an ounce of gold is worth  $16\frac{1}{2}$  times as much as an ounce of silver, is that it costs about  $16\frac{1}{2}$  times as much to produce it. Now nothing will make the relative value of gold and silver (any more than wheat and potatoes) keep together which does not either directly or indirectly effect the cost of producing them, and this Mr. Brown's proposition could not do.—[ED.]

## Labor With a Capital L.

If there was ever a time when the proletariat can be said to have its innings, and when kings and lords are more figurative than real, it would seem as if that fortunate age had already dawned. Emerson said a generation ago

" Things are in the saddle  
And ride mankind ;"

but man is no longer the back-bearer that he was, and the meanest of us are now shirking disabilities and trying to open new doors to success.

Never before, it is certain, has there been so much solicitude shown for the poorer brother, or so much written for him, or so many plans devised on his behalf. The author, the organizer, and the millenium-maker have all taken him in hand, to say nothing of the walking delegate, who but for him would never have been created. Entire books and established magazines are now enlisted in the attorneyship for "Labor with a capital L," while other literature accords the subject liberal space.

In view of all this, the question arises: Why this overwhelming partiality? Does no one labor and become unfortunate except the man of muscle and brawn—and he only of this class which is organized or in some union? Are there no poor ministers who are ending their \$300 a year salaried lives in poverty and helplessness? Are there no lawyers to whom support never came? Are there no skilled and unskilled craftsman and agricultural toilers—the latter a very large class—whose drudgery is hard and who for one reason or another are likely to fall by the way-side? No doubt there are. But what shall become of those, or how to ameliorate their condition, our modern instrumentalities do not take into account. It is the sect of Labor only, not the body of muscular laborers at all as a whole, that is now exciting attention. When you hear of turmoil in some factory town, or a strike on some railroad, it is not labor—not ever muscular labor in its entirety that is concerned; but

merely the sect of Labor—"Labor with a capital L." Although this class possibly does not number all told ten per cent. of the muscular labor class in the country, like one baby in a family of ten adults, it makes more outcry than all the rest.

I do not say its voice and demand should not be considered. The complaint of any class deserves attention, and is apt to get it, when loud and prolonged. To this one, even legislatures and politicians have often succumbed. But its weakness and failure, which are lately becoming very apparent, are owing mainly to its own imperfect ideals of justice. Its lay members, so to speak, may be partially excused for not being able to formulate precisely what is economic right and wrong; but its leaders at least *should* know where the one ends and the other begins. They plead loudly for their so-called rights, but never speak of duties even in a whisper. If you examine their claims carefully you will see that they do not believe the proverb that it takes two to make a bargain. The price which a railroad or factory must pay for work must be what Labor thinks it ought to have. And there must be no sorting or different treatment of the men, as to price. One man's work, as it often happens on the farm and elsewhere, is far less valuable than another's; and, with unorganized labor, this difference is considered in respect to wages. But if you hire organized labor, no distinction on the same line of work can be recognized.

Another demand of Labor is, that, if a railroad corporation or factory is now employing a certain body of laborers, it must keep on employing them. They may neglect their business, they may be even plotting against their employer's interests, in the very time they are paid for serving them; but this matters not. To be employed once means a life-right to be retained. Under the motto that "a wrong to one is the concern of all," a course of action is adopted which means that the employer has no rights which a laborer is bound to respect. And the "wrong to one," so called, is not only not a wrong in many cases, but is a right of the employer's, without the free exercise of which his business would not be secure for a moment against utter destruction.

But greater than any blunder and injustice, on the part of

Labor so-called, is the violence and terrorism it employs against unorganized laborers who will not conspire with it to boycott and force employers with whom it alone has a feud. Now if there is any right that civilized law has always guaranteed, and always should guarantee, it is the right of a man to sell his labor or services unhindered to whomsoever he will. Nothing can be more unjust, or can more thoroughly traverse the American and Anglo-Saxon idea of fair-play than to mob the man who wishes to work, and who has secured a price satisfactory to both himself and his employer. But Labor with a capital L never allows this when it is to its interest to prevent it.

In addition, it does not tolerate unorganized labor at all, especially in cities and villages, except so far as it is compelled to do so. It has an undoubted right to persuade labor to organize, but it goes far beyond the mere force of persuasion. If it finds this to fail, it adds threats and penalties. Nothing can be much more disreputable than to foment difficulties where none exist, where wages are as high as even organized Labor asks, between employers and employed. But this has been often done, or attempted. A notorious incident of such effort was the boycotting of the brick of certain Hudson River manufacturers not long ago, by refusing to handle it at the New York docks, or to transport it from the dock to the buildings for which it was wanted, or to use it to build with if by any chance it arrived at its final destination. The objection was that the men who made the brick were not union men.

The lesson which organized labor makes, in view of all these things, and which its fast waning power may possibly bring to its attention, is, that he who would secure justice must first write equal and exact justice on his own banner. The dispensation, of which the balanced scales is the symbol, compels something to be given equally with the something required. To speak of partial justice is a misnomer, for justice must be entire or it is at once injustice. And it matters not whether one of the parties is a railroad, not popular as a corporation, or a factory whose owners are considered both wealthy and monopolistic. Their right to even-handed treatment is both legal and moral; and if this could be

denied successfully by force, the more complete such a victory the more surely Labor would be defeated. For neither a railroad nor a factory would care to retain its corporate life if it were doomed to exist only on terms which should be imposed on it from the outside, and which its owners could have no share in establishing.

The one remedy for dissatisfaction with employers which is the most certain and wholesome, is the one rarely tried. If a manufacturer is really making too much money, let organized labor itself turn manufacturer. It has shown its power to raise a great fund and to maintain contests for long periods at large expense with some of our most powerful corporations. If, instead of wasting money in this way in fighting for what often cannot be maintained, it should build a factory or two itself of some kind, it might help to raise the general price of labor by its own added demand for it, and at the same time enhance its own special wages by dividing up all the profits instead of accepting only what it has considered a false distribution of profits. If the effort were successful, the benefits gained would of course be very great and would be richly deserved . . . . If it failed the complainants would obtain an education in the difficulties the manufacturer has to contend with, and would secure a knowledge of the perils that beset the use of capital, such as no amount of written teaching would ever communicate.

JOEL BENTON.

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Mr. Benton's views on organized labor have evidently been formulated by considering the question from afar, and like all who discuss industrial problems without studying their actual working he must go wrong in his conclusions. He talks of the poor ministers, lawyers, agricultural laborers and others as if they were injured by the efforts of organized labor. On the contrary they are helped; the efforts of organized labor have done far more to improve the condition of these poor ministers, lawyers and others than they have ever done for themselves. In poor countries these people are poor also as in Mexico and Spain. The truth is that the efforts of the organized laborers



to improve their own condition have greatly improved the possibilities of the professional class. In fact literary and professional people generally could make no important advance in society but for the improved condition of the masses. Like people like priest.

He complains also that organized labor only numbers "all told, about ten per cent. of the laboring classes, and "like one baby in a family of ten adults, it makes more outcry than all the rest." Here again he entirely misses the point. It is true that they are but a small proportion of the whole class, but they do all the agitating and struggling, receive all the rebuffs and snubs, while all the rest join in the benefits. Every struggle for reduction in hours of labor or increase of pay or better treatment from bosses or the establishment of the legal rights is made by these trade unions, and when it is accomplished all the laggards who do nothing to bring about the result get a full share of its benefits; for when the hours of labor are reduced they are not reduced for this ten per cent. only but for that whole class of industry, and when wages increase they are not increased for this ten per cent. but for the whole class. So that instead of being condemned as a privileged ten per cent. they should be praised as the struggling pioneers who do the work and pay the bills for the improvement of their whole class.

He further complains that while among unorganized laborers men can be hired for different wages to do the same work, labor unions demanded a uniform rate of pay. Here again the organized ten per cent. benefit the unorganized ninety per cent. They insist that the wages of their laboring brethren shall come up to their own and thus lift their whole class as near as possible up to their own level. It is this very fact that has made trade unions such a useful force in society.

His statement that, with the trade unions, "to be employed once means a life-right to be retained," has no foundation in fact. Trade unions nowhere take any such position. They do of course protect their members against being discharged for their relation to their unions, and they may, at times perhaps, carry this too far, but that is because of the absurd despotic

attitude of capitalists in conspiring to black-list all who take a prominent part in the labor movement. This has been a systematic policy with the capitalists for the sole purpose of breaking up unions, and some of their black-listing experiments are even more disgraceful than the efforts of misdirected laborers.

And lastly, his suggestion for a remedy, namely, that workmen should become capitalists and employ themselves if they are discontented with their employers, is the climax of absurdity, though a very popular one in writers. That is precisely what they cannot do. The subdivision of labor, the concentration of capital and the necessity of expert administration make such a course more and more impossible. Workmen are workmen and they become specialized as such and can no more suddenly become capitalists or manufacturers than a farmer can suddenly become a watchmaker. Instead, therefore, of saying that every laborer should change his employment if he is not contented the reverse is true. If the conditions furnished by employers are not good it is his duty to use all the social forces at his command to improve those conditions. If factory conditions are bad it is no solution of the difficulty to ask the men to leave, as the Emperor William does his subjects, and let in others to take their places who are contented to work under those conditions. That is simply perpetuating the bad conditions. The true method is not to run away from the evil, but to stay and drive the evils out of the industry. And that is what labor unions are doing which entitles them to use a capital L.  
—[Ed.]

## Socialism or Monopoly, Which ?

The great social danger at present seems to spring from the excessive profits secured by monopoly. Besides socialism, two methods may be suggested for the prevention of excessive profits. As monopoly is merely the absence of competition, evidently the first method to be suggested is to restore competition. The other method is merely arbitrary state regulation, and is thus in its nature legislative and socialistic. Under it, corporations would be forbidden to declare dividends of more than a certain fixed per cent., say, six per cent. ; or they would be prevented from charging more than, say, two cents per mile for carrying passengers ; or regulations equally arbitrary would be made. These are merely instances of that "tyranny of the majority" for which socialism is condemned. By state regulation, industries are placed in the control of politicians who have no business interest in the welfare of the undertaking which they control, and who may be, and often are, entirely ignorant of business management and methods. The only excuse for the existence of state control is its necessity. Is it necessary ?

Apart from the tyranny of state regulation, whether in the form of direct control as in socialism, or of indirect control, as is sometimes seen to-day, there is, and can be, but one method to prevent monopoly. Competition means the absence of monopoly ; and monopoly means the absence of competition. In so far as competition exists, monopoly cannot exist ; in so far as monopoly exists, competition cannot exist ; and in so far as monopoly does not exist, competition must exist. Clearly, therefore, if state regulation is excluded, the only possible method for the prevention of monopoly is competition. Moreover, the benefits which might come from socialism, can be secured under competition ; so that there can be no reason at all for making a change in the present social system so revolutionary as socialism. Competition will prevent monopoly and excessive profits. How can it be restored ? This is the problem ; but it is thought by many to be incapable of

solution. Thus, in an article in the *Quarterly Journal of Economics* for October, 1886, Arthur T. Hadley says that competition is impossible in industries which require large capital and that the best method for the control of monopolies is through public boards like the present R. R. commission. He would, however, apparently favor competition if he thought it could exist in the case of such large aggregations of capital. Thus, at page 41, he writes: "The majority of men in all ranks are still trying to carry out . . . private ownership in land and capital, and free competition at the same time; but they are gradually learning that in those lines of industry which involve large capital, under concentrated management, the old theory of free competition is as untenable as it was in the case of railroads." Is it, however, untenable in any case?

If the capital of a corporation is \$100,000,000, it cannot have many competitors. To increase the number of them, it is necessary to decrease the size of the competitive unit. If the unit were \$100 instead of \$100,000,000, then the number of such units would be at least 1,000,000 times as great; and if it were \$10 instead of \$100,000,000, the number of such units would be at least 10,000,000 times as great. The degree of competition, therefore, depends on the size of what may be called the competitive unit. The smaller the unit, the greater the competition. Thus, anyone having \$10 can to-day deposit it in a savings bank, but he can get only, perhaps, 2 per cent. for it. Why is this so? Simply because the size of the competitive unit is small, so that the number of such units is large. In other words, a great many persons have \$10 to invest, but only a few have \$1,000,000; and there are few opportunities to invest \$10, while there are many opportunities to invest \$1,000,000. To-day, the whole capital of a corporation, perhaps millions of dollars, competes as a unit, and consequently there is little competition; for there are few persons controlling \$1,000,000 for investment. If this competitive unit, instead of being the whole capital of a corporation, were a single share of stock, then clearly the condition would be about the same as among savings bank depositors, and profits would be reduced, if not to two per cent.,

probably to five per cent. If, then, the competitive unit can be reduced to the size of the par value of a share of stock, competition will prevent excessive profits. The only way to make profits low is to make the competitive unit small.

Competition of capitalists, it is universally recognized, will lower profits. Monopoly itself is, in fact, merely the absence of competition. Hence, where competition exists, there can be no monopoly; and just so far as competition is restricted, just so far monopoly will exist. The effect of competition in fixing profits at the very lowest point is seen in the instance already mentioned of savings bank depositors. Anyone having \$10, or even \$1, can invest or deposit his money in a bank and consequently a very low rate of profit is earned. If anyone having \$10 could similarly invest in other corporations, just as he can make his deposit in savings banks, the stockholders of corporations would get very nearly, if not quite, as low profits as the depositor in savings banks. Can this result be brought about? Can the competitive unit be reduced so that, instead of being the whole capital stock of a corporation, it will be a single share of such stock?

Evidently, in order that the competitive unit may be \$10, it is necessary that everyone having \$10 should be able to invest it in buying stock. To accomplish this result, stockholders should be required to state in writing the rate of profits they want on their investments; and any person willing to take a lower rate should be allowed to take the stock from a stockholder demanding a higher rate. A. has invested \$10 in a corporation and wants twenty-five per cent. profit, while B. has \$10 to invest in that corporation and is willing to take six per cent. profit. Why should A. be allowed to retain his stock? Why should not B. become a stockholder in A.'s place? Certainly the public welfare would be promoted more by having B. a stockholder. His profits would be six per cent. instead of twenty-five per cent.; and the difference, nineteen per cent., would go to the public in higher wages, in lower prices, in lower fares on railroads, etc. Everyone would gain from such a plan except the few monopolists who are to-day reaping twenty-five per cent., or more, profits.

This plan then, is briefly this.\* Every stockholder would pay to the corporation in cash the par value of his stock, and at the same time file a statement to the effect that he wanted a certain per cent. as dividends. Then anyone at all could go to the corporation with an amount of money equal to the par value of a share of stock and find out what was the highest per cent. given in those statements. If it should be ten per cent., he could file a statement accepting nine per cent., and then pay his money, the par value of the stock. Thereupon the old stockholder who asked ten per cent. would cease to be a stockholder, and would receive back from the corporation the amount of money just paid to it by the new stockholder, that is, he would receive just what he himself had originally paid in, the par value of the stock. A stockholder would, therefore, never get as principal any more than the par value of his stock, that is, just what he paid in; and, as profits, he would get only the rate demanded in his statement. If there were anything beyond this, it would, upon the dissolution of the corporation, go to the state, which has created the corporation.

Under this plan, there would be so many persons having \$10, the par value of a share of stock, to invest, that competition would lower profits to the lowest possible point. To compete, and thus determine the rate of profits, one would not need to have \$100,000 or \$1,000,000, as one often does to-day, but only \$10. The competition would be sharp. Depositors in savings banks would prefer to accept four per cent. from such corporations rather than three per cent. from savings banks; and, as they sometimes receive upon their deposits about two per cent., it is quite clear that the rate of profits in corporations would be so greatly reduced that wages would rapidly rise and prices fall. Instead of being twenty-five per cent., dividends would be much nearer two and a half per cent.—and that, too, not on “watered” stock as to-day, but on stock actually and fully paid in cash. Corporations in which the stock was “watered” would be dissolved; or else all the “water” would be taken out in some other way. Honesty in promoting and forming corporations would be rendered necessary.

\*NOTE.—For a fuller explanation of this plan, see pamphlet entitled “How Monopoly Can Be Prevented. A new, simple, and practical plan.” By Robert E. O’Callaghan.

Under the plan suggested "stock-watering" would be impossible.

Of course, after money had been paid to a corporation, the directors might misappropriate it by paying extravagantly high salaries or by buying property at extravagantly high prices, just as they might put it into their own pockets or run away with it; but for all such acts, they would be personally liable both civilly and criminally. If directors misappropriate property or money or buy property at fraudulent prices, they are, even to-day, personally liable. It is simply a species of theft. But theft may exist under every system: socialism, communism, or any other ism. Property, whether owned by the community, as under socialism, or by private individuals, must be in the possession of some one; and thus there always exists the danger that those in the possession of the property of others will apply it to their own use and not for the purposes for which it was entrusted to them.

Corporations organized according to the plan suggested would rapidly drive all competitors out of the market, so that, in each business, a single corporation would have complete control. The risk of investments in stock would be much less than in private business undertakings, because a stockholder risks only the money actually invested, whereas in private business a man risks his whole fortune; and consequently, the risk being less, the profits would, under free competition, be likewise less. While thus, on the one hand, private business houses could not afford to compete with such corporations, there would, on the other hand, be no gain or advantage in having several corporations doing the same kind of business. No corporation could gain, for its stockholders, any more profits than those fixed by the statements filed by them. If the average rate so fixed were three per cent., then it could not pay, as dividends, more than three per cent. on its capital stock. All profits above three per cent. would ultimately, upon its dissolution, go to the state, so that it could gain nothing by charging high prices or paying low wages. Moreover, if the rate of profits in one corporation engaged in any trade were three per cent., the same rate of profits would, without much doubt, be required by stockholders in other corporations in the same trade. What then would be the advantage of having

two corporations? Neither could get more than three per cent. Clearly, the tendency towards consolidation, which exists even to-day would be augmented; and soon only a single corporation would have complete control of each trade. The result, however, would not be monopoly, because competition would still operate on the stockholders and limit their profits.

Stock-gambling would also become obsolete. Many laws have been passed to regulate and to prevent this kind of business, but it still exists. Under the plan suggested, stock would be bought, not from stock-jobbers or stock-brokers, but from the corporation itself; and it would be bought at exactly the price actually paid for it in cash, that is, the par value of the stock.

Another benefit would be that corporations could calculate the amount of their product for which there would probably be a demand. "Trusts" make such calculations to-day. At the present time, business uncertainties cause employers to discharge their workmen, because it is impossible to foretell the condition of the market. Under this plan, however, a few corporations, having complete control of the trade, could determine beforehand what would be the demand for their products, and uncertainty in this respect would no longer exist. Laborers would be ensured more regular employment at wages fixed by the competition of laborers. Capitalists would no longer be much concerned with the rate of wages, because their profits would be fixed, not by conflicts with labor, but simply by competition among themselves for profits, those offering to accept the lowest profits always becoming stockholders and supplanting those demanding higher rates. In other words, capitalists would compete among themselves for profits, and laborers among themselves for wages; and after laborers received the wages demanded by them, and capitalists the profits demanded by them besides, of course, their principal, the state would upon the dissolution of the corporation take the rest itself. There would not be the conflict of interest between capital and labor which exists to-day. To lower wages would not raise profits, because profits would be fixed by the competition of capital alone. The result would be a system of universal co-operation.



Other benefits might be suggested, but the laborer will be most interested in the fact that his wages would then be raised by the lowering of profits. Capitalists now on safe investments accept as low as three per cent., and on real estate mortgages the rate of interest is about five per cent. or six per cent. On the other hand, profits in corporations are sometimes as high as twenty-five per cent.—and that on “watered” stock. At times they are even one hundred per cent. To reduce all these to five per cent. would certainly raise the wages of laborers.

The special privileges enjoyed to-day by monopolists would be destroyed, and equality introduced. Each individual would be able to invest in any undertaking he pleased. No one would, as to-day, be able to grow rich out of the necessities of others by means of monopolies ; but everyone would have an equal chance to make investments in corporations. No one would be able to get exceptional profits, but profits throughout the community would by reason of competition be equal for all.

ROBERT E. O'CALLAGHAN.

The above article is open to two objections : 1. It proposes to inaugurate restrictive legislation to remedy an evil that does not exist. 2. If the evil of which the writer complains did exist the proposed legislation would not furnish a remedy. He begins by assuming that the great evil from which society is at present suffering is, “excessive profits secured by monopoly.” Now society is not really suffering from any such cause. Profits in general business are not excessive, nor is there any monopoly except in the post-office business and patents. There are indeed a few large concerns which make higher profits than small or inefficient ones operating in the same business, and their profits come, not by monopoly, but from their superiority over these less efficient producers who get little or no profits. His difficulty on this point arises from his misconception of the economic nature of profit. He evidently reasons upon the early English theory that profits are an addition to the consumer's price which is now exploded.

His fear of socialism is commendable as is also his effort to

bring about a reform by competition, but his idea of competition is scarcely less defective than his idea of profit. He thinks the efficiency of competition depends entirely upon the number of competitors, and says: "The degree of competition therefore depends upon the size of what may be called the competitive unit. The smaller the unit, the greater the competition." Now this is just about the reverse of true, the fact being that the smaller the competitive unit the weaker the competition. One might as well say that ten little chicks weighing half a pound each would be twenty times as effective in a fight as one game cock weighing ten pounds. A hundred of little chicks could not hurt because of their individual weakness, whereas every blow from the spurs of the ten pounder would probably kill. We know that competition between hand-loom weavers though very numerous was never as severe as between small manufacturers whose number was much smaller; and that competition between small manufacturers was never as severe as between corporations, though the latter was still fewer, and the larger the corporations the greater their power to shave the margin of profits to a minimum. If competition in the economic world was reduced to ten dollar competitors, it would become almost impotent. Only strong competitors are really effective. And he takes account of potential competition.\*

His proposition to fix the price of stocks by law and have stockholders compete for dividends on the cheap-John plan, is neither economic nor workable. If we are to regulate the price of railroad stocks by statute, why not fix the prices of groceries, shoes and other property in the same way? This scheme would compel every stockholder to surrender his property to whoever was willing to accept a lower rate of profit. Thus the timid, unenterprising investor who would accept one per cent. profit for the mere sake of safe investment could force out the energetic enterprising man who would take great risks in the effort to develop economics that would give larger gain, which of course would be a direct blow at enterprise, since nobody will take all

\* For a discussion of this point the reader is referred to Gunton's "Principles of Social Economics," pp. 402-3.

the risks of loss and be legislated out of all the possibilities of gain.

Now the difference between corporation profits and savings bank interest is not near as great as he assumes; nor is it due to the difference in the number of competitors, but to the difference in the character of the investments. Savings banks invest primarily with a view to avoiding risk, and therefore invest in property having the minimum variable economic increment in it, and little or no competition because of its static economic character. Successful corporations, on the contrary, obtain their greatest profits from the very fact that there is a large variable margin arising from the difference between the cost of production of the best and poorest producers in those industries, and hence a greater stimulant for competitive effort to obtain the surplus.

Nor would the reduction of profits increase wages or reduce prices as he assumes. Neither wages nor prices could be permanently affected in any such way. Prices of products would be governed, as now, by the cost of producing the most expensive portion of the general supply, which now pays little or no profit. And as this scheme would only operate upon those that have large profits, it could not effect prices. Its only effect would be to destroy the incentive for high profits and with it the motive for introducing new productive economies which create profit. Not a penny of the profits thus reduced would go to laborers, because their wages, like the price of commodities, are governed by the cost or the standard of living of the dearest of their class, which would not be affected by such change. In other words, the only conceivable effect of the application of the legislation here proposed would be to undermine the right of private property and check the incentive for industrial improvement, and hence practically arrest true economic advance. It is indeed unsocialistic, but not less inimical to society than socialism. [ED.]

## English Royal Labor Commission.

### REPORT ON THE HOURS OF LABOR.

The traditional way of solving perplexing problems in England is to refer them to Royal Commission for investigation. These Commissions are usually so constituted as to have a majority who can be trusted to take a long time and make a perfectly harmless report. Of course their reports contain many sympathetic expressions, but are pretty sure to be quite free from any workable propositions for remedying the evils complained of. In making up the present Royal Labor Commission, however, the Salisbury Ministry was peculiarly situated. The Commission itself being to a large extent the result of the great London strike, it was politically necessary to put at least one labor representative on the Commission. This position was given to Mr. Tom Mann, one of the most sturdy London Trade Unionists, who had taken a prominent part in leading the striking dockers to success. The Commission has evidently given great attention to the subject of "State Regulation of the Hours of Labor." Its report on this subject, which was very appropriately assigned to Mr. Mann, is thorough and comprehensive. It says :

To deal effectively with State Regulation of the hours of labor it will be necessary, in order to cover the general question, that attention be given to various phases of the subject, such as—

- (1) The present working hours in various countries.
  - (2) What demands are being made for a reduction of the number of present working hours in these countries?
  - (3) What gives rise to this demand?
  - (4) By what means is it proposed to obtain a reduction?
  - (5) The probable effects of reduced working hours.
- (1) The normal working hours vary considerably in the United Kingdom, from six and a half hours per shift, for hewers in the soft coal collieries of Northumberland, to thirteen hours per shift on tramways, railways, and many other sections

of labor. Large numbers yet work twelve hour shifts, of seven shifts a week, such as the chemical workers of Lancashire and the steel workers of Yorkshire. Those employed under the Factory Acts are restricted to fifty-six and a half hours per week, unless permission be obtained from the factory inspector, which is done in many instances, especially in the Midlands.

In most trades when men preponderate, the normal working hours have been fixed for a period of twenty years at fifty-four a week, although this number is often exceeded by the men working overtime, generally at an increased rate of pay.

Taking the countries that are closely engaged in industrial competition, the hours of labor are as follows, in all cases exclusive of meal times: Great Britain, ten and a half daily, sixty-three weekly; America, eleven and a half daily, sixty-nine weekly; France, Belgium and Germany, twelve daily, seventy-two weekly. For years past there has been carried on a vigorous agitation in favor of reduced working hours, and at each of the congresses held the delegates from the countries mentioned have voted in favor of an eight hour working day, and in this they have been joined by the delegates of Switzerland, Italy, Spain, Norway and Denmark, whilst the Australians have worked the eight hours system for thirty-five years, though it does not apply to all trades.

(2) Labor organizations are rapidly increasing in all the countries named, and in nearly all of these, especially those of the continent, the eight hour day is in the fore front of their programme. But although the continental workers appear to be unanimous in their demand, there is probably much more systematic and organized effort being put forth in this country to obtain the eight hour day than is the case with any continental country, whilst between this country and America there is, practically, a race as to which shall get the eight hour day first. The Americans have made great headway during the past year and a half, and although the average working hours in America, as previously given, show them to be working one hour per day longer than obtains in this country, it is also true that they have a larger proportion of their total number of workers now working under the eight hours system than we have, and their most powerful feder-

ation of workers, known as the American Federation of Labor, is definitely pledged to this as the foremost item in its programme. This federation is composed of many trade unions, and the federation executive fixed upon the carpenters and joiners of America to make the first demand in May, 1890. This society at once acquiesced, and, as the result of vigorous effort, the secretary of that society reports, "That the trade movement for shorter hours among the carpenters this season (1890) has been successful in 137 cities, and it has benefitted 46,197 workmen in that trade."

The "Knights of Labor" are also a power in many American and Canadian cities, and they are too strongly in favor of an eight hour day.

In this country there cannot be any doubt but that the majority of workers are favorable to reduced working hours; nearly every trade have had the subject under their serious consideration, and have decided in favor of obtaining the same; the principal exception to this is that of the Lancashire cotton operatives, the majority of whom at present are opposed to a reduction of working hours in their trade, because they believe the intensity of foreign competition will not admit of a reduction of working hours in this country unless their competitors also reduce theirs, and, because they fear they could not increase their output per hour, and that reduced hours would carry with it reduced wages, which they are not prepared to accept. It will not surprise anyone to learn that the weavers are not prepared to accept less wages when it is realized that adult male weavers average only 23s. a week in Lancashire, and in the Bradford district of Yorkshire 15s. represents a man's weekly wages in the textile trade. The Yorkshire operatives are favorable to the reduction of hours, and there appears to be an increasing number supporting the same in Lancashire.

(3) There are three main causes that give rise to the demand for reduced working hours, each of which is complete in itself, though many persons are influenced by all three of the reasons.

*First.*—The primary cause given by short hour advocates in this and other countries is in order to absorb the unemployed.

Although this argument appears to pre-suppose that there would be a less output per man in order to find employment for those out of work, this does not follow, as the increased purchasing power obtained by those who found employment would serve as a market for a greater production. This is a point of the greatest importance both to capitalists and workers, and is far too often lost sight of. Better conditions for the workers means an increase in their economic capacity to consume; this increasing capacity to consume means as ever-increasing market. The workers themselves are quite prepared to furnish the commodities for that market, together with a fair margin for the capitalist for supervision and organizing purposes, so that to encourage a larger consumption is decidedly the best, both for capitalist and worker.

*Second.*—Reduced hours of labor are also demanded by some advocates mainly because they have a conviction that at present they are not getting a due share of the wealth created by their labor. It is pointed out that, although the condition of the workers to-day is better than that which obtained a generation ago, the power to produce wealth, *i. e.*, the commodities themselves which constitute wealth, increases faster than the position of the worker improves.

The third main reason that weighs with the workers, resulting in a demand for shorter working hours, is due to a love of culture which is now extending to the meanest laborer, causing him to insist upon living a fuller and more complete life than has previously been possible, and it is this desire for a higher and better life that gives the stimulus to most of our modern day discontent, and because this desire is so general and real it serves at once as a national safeguard against ignorance and indolence on the one side, and against economic excesses on the other.

To what extent this cause operates in other countries I am unable to speak with accuracy, but I claim to have a knowledge of the workmen of Great Britain, skilled and unskilled, sufficient to warrant me in saying that if neither of the two reasons previously given operated, *i. e.*, the necessity for absorbing the unemployed, and the belief now entertained by workmen that they do

not get a proper share of the product of labor, if neither of these causes operated, the demand for reduced working hours would still be amply sustained as the direct outcome of the rapidly growing demand on the part of the workers for fuller opportunities for moral, mental and physical development, of which the present hours of toil do not admit, and those who make this demand for increased opportunities for mental development are those who are strongly persuaded that increased mental development carries with it increased efficiency of production and distribution.

The effect of the better education of late years has been to impart a desire for culture and refinement, and, as might have been expected, it has carried with it a determined revolt against those conditions that prevent proper expansion intellectually and materially. We have truly a "revolt of labor" in this country, but it is not the revolt of despair, it is not a wild desire to demonstrate strength, nor a reckless willingness to be a nuisance. It is the direct outcome of careful thought given to the great industrial problem by men who have the best interests of the country at heart. It is the necessary accompaniment of progress. These same educative forces that impel the populace onward to a higher standard of excellence also serve to make them more effective producers of commodities, and the knowledge possessed by the workers that their power to produce is continually increasing, supplies them also with the conviction that they are entitled to a greater share of that produce. How much greater that share should be is a difficult matter to decide, nor is there unanimity amongst the workers upon this subject. It begins with those who make a vague demand for something more, and goes on till we reach those who contend that it is morally and economically wrong for any section of the community to live upon rent or interest. There is a strong current of opinion now running in favor of fixing a maximum rate of interest upon capital when workmen find, as they do, that whilst they have a difficulty in keeping wages high enough to supply their families with the plainest of food, and also find a number of limited liability companies paying interest as high as 25 per cent., and in some



instances as high as 40 per cent. per annum, no wonder that they consider that equity does not control the commercialism of this country, and when companies paying such high rates of interest plead that the intensity of foreign competition will not admit of any advance of wages or reduction of working hours, it is not surprising that workers should treat such statements contemptuously, and in some cases, perhaps, decline to admit the capitalists' plea of "cannot afford it," where that plea is well founded.

#### PROPOSED METHODS.

When we come to examine into the methods whereby it is proposed to reduce working hours there is also considerable diversity of opinion. There are those who favor a simultaneous international movement in all trades, not for all countries, but for those in a similar stage of economic development, and these advocates favor an international maximum work-day of eight hours.

#### VOLUNTARY EFFORT.

(a.) Among the trade unionists of this country there is a considerable number who favor obtaining the eight hour limit, but are determinedly opposed to legislation, preferring to obtain the same through the agency of the unions direct by negotiations with the employers, and if that fails, either to wait longer or cease work to force it.

This section is, undoubtedly, becoming smaller year by year, judging by the votes recorded by various societies and by trades congresses.

#### AN ACT FOR ALL TRADES.

(b.) Another section demands an eight hour Act of Parliament to apply to all trades and industries throughout the country. It is strongly opposed to anything in the shape of permissive legislation, and contends that it would be a source of weakness if certain trades obtained a reduction of hours before other trades. This section, too, is apparently smaller than formerly, not because less interest is taken in the subject, but because an increasing number is desirous of having a present partial benefit rather than postponing the advantage of getting a complete reduction later.

## SIMULTANEOUS INTERNATIONAL ACTION.

(c.) A large section in various countries is not paying very specific attention to the actual application of the reduced hours, but, like Mr. George Gunton, of America, contents itself with advocating a general international demand for an eight hours day in all countries in a similar stage of economic development. Mr. Gunton proposes that America, England, France and Germany should agree to reduce working hours by half an hour a day every six months until a maximum of eight hours is reached.

## INTERNATIONAL TRADE OPTION.

(d.) Others think it unwise to wait for international action, save in those trades where international competition is keenly felt, and so they favor international trade option, some with others without legislation.

## TRADE OPTION BY LEGISLATION.

(e.) The Fabian Society has drafted a bill in favor of trade option in which it is proposed that the Secretary of State shall have power to apply the Act when requested by a majority of those engaged in any trade. This leaves it to the persons engaged in the trade to decide when is the proper time, etc., and then, when the majority is agreed, to have their desires carried out by legislation. There can be no doubt but that this method finds increasing favor with workmen, allowing, as it does, freedom of action in making the demand, and then utilizing the power of the State to carry it into effect. This section is favorable to the immediate application of the forty-eight-hour weekly limit to all public employes, the argument being that the governing bodies, whether local or national, should set an example to private employers.

## TRADE EXEMPTION.

(f.) The method that found greatest favor at the recent Trades Union Congress held at Newcastle was a method of trade exemption, the successful amendment being as follows: "That regarding the regulating the hours of labor to eight per

day shall be in force in all trades and occupations save where a majority of the organized members of any trade or occupation protest by a ballot voting against the same." This differs from trade option to the extent that whereas, by "trade option," no legislation would take place till a majority in any given trade demanded it, with "trade exemption" legislation could cover all those trades where a majority of the organized workers did not protest against it.

#### DANGEROUS AND UNHEALTHY TRADES.

(g.) Looking at all sections of the community and not at the workers only, there is now a real desire on the part of many to interfere by law in regulating the working hours of those engaged in dangerous and unhealthy trades. It is contended that it is contrary to the general well-being that those engaged in dangerous and unhealthy employment should be compelled to continue under these bad conditions. Such as chemical workers, iron and steel workers, railway men, and miners it is felt ought to have special treatment, and that at once; therefore it is held that each case should be dealt with on its merits and some of the worst conditions be at once relieved by legislative action.

The effects of reduced hours upon the trade and commerce of the country will be the same whether the reduction is brought about by legislative or any other means, providing the same is demanded by the workers. If no demand were made by the workers it would tend to show that they had not sufficiently developed as to feel the need of increased leisure, and it is conceivable that increased leisure would not be used to advantage by persons who were too apathetic or ignorant to make the demand. Few would be rash enough to say that the bulk of the workers of the United Kingdom are indifferent to better conditions at the present day, and a very slight knowledge of workmen would enable one to understand that the general belief is that the way to better conditions is in the direction of more leisure and less enforced idleness.

The greatest mistake that can be made by employers is to treat workers as producers only, forgetting that they are consum-

ers also, and that upon their capacity to consume rests the real markets. Upon good markets rest the employers' profits, and, therefore, it is directly to the interests of the employers that the workers should develop their capacity to consume wisely and largely. In England the worker consumes much more than does the worker of the Continent, but the Englishmen's labor is the cheapest. In Russia they know little of machinery and they work long hours, but their production is far below that of the French or German, whilst the production of these again is below that of the English.

It would be unwise to force reduced hours, but it is equally unwise to resist a legitimate demand for reduced hours indicating as it does a mental and moral development on the part of those who make the demand, and having the qualities to demand it, whether through the agency of trades-unionism or through Parliament. It is not only good for the workers themselves, but good for the whole community. With increased leisure character develops, the thinking faculties are sharpened, the qualities that make good and useful citizens increase, and thereby the general well-being is secured.

TOM MANN.

## Banks for the People.

Lord Jeffery once remarked that the greatness of a nation and the happiness of its people depended not so much upon the increase of its military strength, as upon the spread of banks and the increase of banking facilities. Now, from this point of view, it is not a happy sign that so many complaints have been lodged against our national banking system. In his second annual report, Mr. Lacey, Comptroller of the Currency, expressly states that "the system has not kept pace with the necessities of the people for increased banking facilities." This plain statement is strengthened by the surprising increase in the number of State banks, organized within the last few years. It is made evident by the increase of Trust and Loan Companies. It is fully proved by the thousands of Building and Loan Associations, which enable people of small means to borrow and use capital on easy terms. It is striking testimony to the real need of popular banking, that so-called benevolent and fraternal organizations of different kinds are to-day springing up all over the land. Some of these associations have been organized on business principles and methods, but most of them are conceived in craft and born in speculation.

Again, leaders of the Farmers' Alliance claim that our National Banks are not popular enough; that banking facilities are not within the reach of farmers. They urge, therefore, that the Government should go into the banking business. "What we demand," said the Hon. Jerry Simpson, "is more money. We want the Government to lend its money to farmers at a low rate of interest. If the farmer cannot sell his grain, the Government should either buy it or lend money on it." Thus, underlying the whole trouble is the much-discussed question of money—a question which will not "down."

The fact is that, we have no banks to correspond with the People's Bank of Germany. The first institution of this kind was established by Herr Schluzer, at Delitzsch, a town in Saxony

in 1850. A People's Bank may be defined as an association of farmers, tradesmen, workmen and others, who, upon becoming members, pay weekly installments, and, on the basis of funds paid in, they obtain credit or loan of money from the bank to enable the members to increase their trade or business. There are now in the German Empire over 2,500 People's Banks. They show millions of dollars, capital and surplus, and several hundred thousand members. They are prosperous to a high degree, hardly a "break" or defalcation being known. Above all, these banks have infused the spirit of thrift among the working people. If they had accomplished no more than that, such banks would be worthy of imitation in any country, as, indeed, they have been in France and Italy.

What we need, therefore, is a system of popular banking. There should be People's Banks for customers of small means, who require a bank to deposit in, and, at the same time, to turn their money to the best advantage; also, to accommodate those who may want to borrow for stocking their farms or stores. In brief, our banking system should be so extended and improved that people of small means could have the same facilities as those of larger means.

At present the poor man has to pay in proportion more for his necessities and wants than the rich man. As some one has said, when the poor man wants a small sum to pay the doctor for attending his sick wife, or the undertaker for burying his dead child, he must go to the pawnbrokers, if he has a watch or some portable property, or else secure a loan by giving a mortgage on his furniture. But when a rich man wants ready money with which to enlarge his business, he goes to a bank or trust company, and by offering stock collateral or a mortgage on his real estate he obtains what he desires. In the first case, the borrower pays from 20 to 30 per cent. interest, and in the other, he never pays over 5 or 6 per cent. interest. What wonder, then, that interest on loans have amounted to more than the principal, and even then the chattel mortgage shark has seized the furniture or goods.

Now that our banking system is under discussion, we call the attention of all interested—and who are not interested in this money question?—to the practical workings of the People's Banks on the Continent.

L. J. VANCE.

## Industrial Notes.

THE average age of alms-house paupers has increased six years in the last ten, bringing it now to fifty-one years.

THE average wages per capita paid in Great Britain for the year 1890 was 66 pounds, 10 shillings, or about \$1 per day.

ORGANIZED labor of Toledo is going to boycott this year's directory unless the office from which it is issued is unionized. Why not boycott every man whose name appears in the book?

POSTMASTER GENERAL WANAMAKER estimates that the reduction of letter postage to 1 cent and postal cards to  $\frac{1}{2}$  cent would result in a loss to the government of twenty-five millions per year.

DURING the last few years there has been a steady increase in the small savings of the people of Iowa. In 1890 the per capita deposits of each man, woman and child in the state was about \$13; last year it was \$18.

THE good feeling and amicable settlement of all disputes among the Western railroads may be taken as a positive assurance that all of them are doing a good business, as only when business is scarce is rate-cutting or a railroad war assorted to.

THE laundry girls in Troy, N. Y. have boycotted a large collar and shirt firm because of the introduction of a starching machine that reduced the wages. They should learn that machines increase the work to be done by cheapening rates, and so give more employment.

ON the first of January, 1892, the English post-office reduced the rate of postage on all printed papers, books, commercial papers, patterns and samples, to the newspaper rate of  $\frac{1}{2}$ d. per ounce, with the proviso that no package of samples be chargeable with less than 10d. and commercial papers with less than  $2\frac{1}{2}$ d. This rate extends to all countries and colonies.

A BILL compelling surface roads to carry the implements of mechanics is being prepared for presentation at Albany. This law, while it is favored by the workingmen, will benefit the employer, as he is the man who has to pay for transportation unless some one will do it for him for nothing, which is not likely

AT Washington a bill is before the Legislature to incorporate an International Bank to do business between the various South American countries, Mexico and the United States. The capital is \$5,000,000, with the privilege of increasing to \$25,000,000, and fifteen of the twenty-five directors will be citizens of the United States. As it is at present there are no banks in the United States having South American connections, and all our trade has to pay tribute to English bankers; payments go to London before they can reach our South American merchants.

SENSATIONAL reports about famine in Russia make it to be far worse than previously supposed. Twenty million souls, equaling about one third the population of the United States, scattered over an area as large as New England and New York are said to be absolutely without food of any sort. Of course this is impossible. Populations do not sit down and starve; they begin to move about and turn predatory. Still there must be some fire at the bottom of all this smoke, and the Russian condition is far from felicitous. A ruler who thinks more of creeds than of economics is sure to be mischievous.

THE Baker's Union of this city is seeking legislation to bring bakeries under the factory acts.

An investigation of 700 bakeries shows that New York's bread is produced in cellars among vermin and rats, over open sewers, in sleeping rooms and under terrible sanitary conditions. Of the 2,500 bakers employed, less than one-fifth of them are American citizens, and their standard of living is lower than that of the day laborer. Whenever the standard of living of any class of workmen is much below the average, the community is apt to be threatened by unsanitary conditions under which their product is sure to be produced.



THE organization of labor by making the laborers more independent has resulted in bettering the product produced by him. This is especially true in cheap contract building, where the workman, by refusing to be rushed by his employer, produces much better work than formerly.

THE Labor question of Guatemala leads to serious trouble, because laborers refuse to work except for their present needs. If a laborer starts on a week's job, and at the end of three days earns enough to supply his few wants, he will not finish it until he is again in need. What the country needs is some social stimulus that will give her laborers a higher standard of living by developing an increase of wants among the lower classes.

THE labor unions in Massachusetts were startled last month by the discovery that the president of the most flourishing unions in Haverill, and a vice-president of the Massachusetts State Board of the American Federation of Labor, was a Pinkerton detective in the employ of a syndicate of shoe manufacturers. He had been at work for about two years, and by his information had enabled the manufacturers to anticipate several strikes and to weed out the prominent labor officers from their factories. Such practices but injure all parties and the manufacturers not least.

## Editorial Crucible.

Correspondence on all economic and political topics is invited, but all communications whether conveying facts, expressing opinions or asking questions, either for private use or for publication, must bear the writer's full name and address. And when answers are desired other than through the magazine, or manuscripts returned, communications must be accompanied by requisite return postage.

The editors are responsible only for the opinions expressed in unsigned articles. While offering the freest opportunity for intelligent discussion and cordially inviting expressions of well digested opinions, however new or novel, they reserve to themselves the right to criticise freely all views presented in signed articles whether invited or not.

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A CORRESPONDENT asks why we made no reply to Mr. Aldrich in our last issue. Our answer is: Because none was needed. His second article really added nothing to the first one. He finally admits (p. 219) that it is only the name of rent that is eliminated by his scheme. He thinks that by capitalizing the land, rent is changed to interest. Well what is in a name?

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WE ARE STILL waiting for the Milwaukee *Daily Journal* to rise and explain its position on Protection and Politics. Is it for Free-Trade or Protection, and if for Protection, how much and upon what principle? Is it for a sound economic policy first and a political party second, or is it for any policy that will elect its party? If it will kindly answer these questions, the public will better know how to judge its criticisms of men and measures.

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THE ENGINEERING NEWS informs us that the Japanese government is taking steps to secure the entire control of all railway lines in the Empire. A bill is before the Diet providing for the construction of eight hundred miles of new lines and the issue of bonds for the purchase of existing private lines. Telegraphs and cables are now owned by the government. This will doubtless give great encouragement to the Powderly class of statesmen. Their ideals are all ancient, and to remodel America on the Japanese plan would be a millenium indeed.

THE ENGINEERING MAGAZINE prints an article on "Worthless Government Engineering" which goes to show forcibly the immense superiority of work done by private enterprise in this as in other branches of affairs. We wonder that such articles do not convince the whole class of socialists of the folly of their method of improving society and enriching mankind, seeing that nothing more wasteful, inefficient, more ignorant and futile than government supervision has ever been devised by anyone. It is not the fault of officers either. They are often capable and energetic, but they are paralyzed and hindered by the system which gives control to so many whose knowledge is defective. Politics never meddles but to mar.

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IN the *North American Review* for March, Messrs. Reid & Holman discuss the spending of public money, the former favoring liberal expenditures, and the latter opposing them. Mr. Reid makes the nation's needs the criterion of outlay; Mr. Holman sniffs "excess" in every breeze. Mr. Reid's position is the only rational one, as national expenditures are for the good of everybody. The cry about favoring special interests is absurd. They are not so favored. Money spent in general helps the general. Income is the result of outgo. Mr. Holman evidently represents the New York *Sun's* idea of "Economy before Economics" and thinks parsimony superior to production despite a parable of the singer's talent. Like all his public utterances, Mr. Holman's article fails to rise to the level of true statesmanship. Its point of view is that of a "cheese-paring" politician whose chief glory consists in what he prevents being done rather than in what he aids in doing. He seems not to know that mankind become rich by what they consume, not by what they save. It is by using wealth that the world's progress has been made, and no use of wealth is more economic and productive than that expended on public improvements.

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MR. P. BURROWS, after complimenting in high terms, controverts in the Brooklyn *Citizen* of February 25th, Mr. Gunton's lecture before the Central Labor Union of the previous Sunday, where Mr. Gunton advocated trades unions as the best

machinery to secure proper wages for workmen. Mr. Burrows says little can be got by their aid, and advocates rather that the workmen should go into politics. The laws, he thinks, can give the workmen their desires. So that if a capitalist shall put up a woollen mill and hire men to work in it, the capitalist, according to Mr. Burrows, can be compelled to give the workmen all but a certain profit which the law may specify—say five or ten per cent. of the earnings of the mill. But in such case what capitalists will put up a mill? And if he does not, where will the wage-earner be? Mr. Burrows might get all the laws he desires passed, but the effect of strict laws in favor of one class would only throw out other classes. Workmen can never compel capitalists to put their capital at their disposal. But even if they could compel them, the workmen might still not know how to make the capital productive profitably, and if they could not do that, nothing would be gained by having it at their disposal. Mr. Burrows forgets that all men, workmen included, have at last to reckon with nature; and if they do not know how to compel nature to yield them more, they cannot get more, since it is not to be had. And, as a matter of fact, there are but few men compared with all, who do know how to make nature yield abundantly, and these few always become capitalists. Nature keeps the bank, Mr. Burrows, teach workmen how to draw on her—if you know how. As things are now, the capitalist goes to nature and workmen go to the capitalist, because they can get more from him than from nature directly, as the factory hand gets more than the farm hand. And this is the only way. Laws are but thistle down in the play of economic forces. Meanwhile trades unions which are one true economic force, remain among the best machinery for increasing the laborer's share of production certainly, rapidly, and profitably.

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MR. POWDERLY has recently delivered himself in the *New York Tribune* on trusts, and like most people who discuss that subject, he expresses what he feels rather than what he knows. He evidently belongs to that school of social reformers who think whatever is, is wrong, and hence the fact that trusts are is conclusive evidence that they ought not to be. One would

think from Mr. Powderly's remarks that the world had degenerated from a social millenium to barbarism, and that we are on the verge of being hurled into a bottomless pit of starvation despair. If this were true, Christianity and science, political and religious freedom, and labor organizations including the Knights of Labor are all failures, and inventions, the use of steam and electricity, the increase of wealth, intelligence and culture are but the messengers of evil for mankind. Now, nobody seriously believes any such thing. Every student of economic history knows, and every leader of labor organizations ought to know, that from small factories up to large corporations and trusts society has steadily improved. The difference between Republican America and Despotic Russia to-day is but the difference between the industrial evolution of these two countries. Russia represents hand-labor, little and diffused capital, and despotic barbarism, which Mr. Powderly and such as he so much admire, and America represents factory labor and large concentrated capital and Democratic civilization.

He says: "The trust keeps workmen on the verge of starvation and devotes a part of its revenue to the purchase of legislatures, courts and judges who will prove subservient to its will." This is simply a libel on modern society. Intelligent labor men everywhere know that it is not the large and successful concerns, but the small ones who are struggling with little capital and poor machinery, that pay the lowest wages and keep workmen nearest the "verge of starvation;" and this has always been so throughout the history of industry, as it must be in the nature of things. Nor is there any foundation for his sweeping charge that our legislatures and courts are becoming more venal, corrupt and subservient to capital. There never was a time when judges were so irreproachable and workmen had so much power over legislatures as to-day. It is not surprising that one who is so incapable of interpreting history and observing the trend of social advance should mistake socialism for freedom, and advocate government ownership of industry as a remedy for monopoly. Verily an educational campaign in Social Economics is needed.

THE MANIA for denouncing wealth and attacking rich men as enemies of society, simply because they are rich, is fast reaching a climax of absurdity that may some day produce a wholesome reaction. Socialists, anarchists and third party promoters have long been denouncing everything and everybody that succeed, and the church has frequently taken a hand in aiding their anti-wealth sentiment. Although the blessedness of poverty has been made much of, few ministers have gone so far as to say the church should not accept wealth from the worldly for religious purposes. It remained for the Rev. Dr. Rainsford, pastor of St. George's church, to take this step. Of course, he has not begun this crusade by refusing any millionaire's money himself, but by attacking a minister of another denomination for doing so. Dr. Rainsford is as a prince of beggars, and he begs mainly from the rich. It is more than probable that if he had adopted the policy he is now advocating, much of the best social work connected with St. George's Church would have been impossible.

Now, if the wealth of business men were really as contaminating as Dr. Rainsford would have us believe, it would clearly be the duty of rich men to stop their contributions to religious funds and devote them to industry, where the benefit to society is undisputed—a result which the absurd attitude of such men as Dr. Rainsford may some day bring about. Unless clergymen learn to either know more or talk less about economic affairs, their sphere of usefulness will become narrower and narrower. They have already reached the point where the question is raised: Why do not workingmen attend the church? and a continuation of their present course will make necessary the next question: Why do not business men and practical people generally, support churches? The real answer will be: Because the churches fail to keep in touch with the true spirit and movement of the people. The church is essentially a social institution, and like all other social institutions, it rests primarily upon the economic conditions of society. And if its ministers insist upon arraying themselves against the inevitable results of economic development, they are sure, sooner or later, to be eliminated from the sphere of social usefulness.

## Book Reviews.

ECONOMIC AND INDUSTRIAL DELUSIONS. By Arthur B. Farquhar. Putnam's Sons.

This book has the merit of being true to its title; it abounds in economic and industrial delusions of which the author is the obvious victim. The present generation has furnished few books on economics more characteristically superficial and unfair than the volume before us. It reads more like the utterances of an irresponsible stump speaker in the heat of a political campaign, than the reflections of an economic student.

To this writer, Free-Trade is the acme of industrial statesmanship, and Protection the embodiment of economic robbery; no fallacies seem too crude or stale to serve the former, and no motives too dishonorable to attribute to advocates of the latter. He treats American manufacturers as common plunderers comparable to a "crew of conspirators, or smugglers, or burglars," and statesmen who favor Protection, as demagogic conspirators against the common weal.

The test subject in any discussion of economics is wages and prices; without some clear knowledge of these an intelligent discussion of Protection, or any other phase of public policy for that matter, is impossible. Yet on this crucial subject, Mr. Farquhar's talk is not only crude but really trifling. There is nothing in his chapter on prices and wages (pp. 163-197) that rises above the merest commonplace talk on the subject. Here is a sample of his reasoning: In trying to furnish workingmen with arguments to prove that tariffs do not protect wages, he says (p. 165): "They (the laborers) might show that the labor given to the production of tea is miserably paid—beyond almost any in the world—and then ask their Protectionist adviser to tell them how much wages have fallen in this country since we put tea on the free list." To whom is he speaking? We never heard of a Protectionist stupid enough to think that a tariff on a non-competing article could affect anything but the price of the imported commodity.

Under the head of "Distinction between Revenue and Protective Tariffs" (p. 226) he insists that only protects where it prohibits imports, and sagely remarks: "A perfect Protection gives the domestic producer complete control of the market by the stoppage of all importation of the duty-protected product."

Now it is not necessary to be an expert economist to know that Protection to domestic producers calls for nothing of the kind. Prohibition is not necessarily a quality of Protection at all. All that is required to protect home producers is a tariff sufficient to prevent foreign products from entering our market at a price below the cost of producing the dearest portion of our home supply. A tariff up to that point is protective, because it makes it possible for home producers to compete on equal terms with foreigners in their own country. All that is necessary to do this is distinctly protective, and when that is done Protection is as complete as it can be. This does not involve Prohibition. Indeed, half or two-thirds of the supply of any product may enter a country under such a tariff and still afford entire Protection to the home producers. Prohibition has no more necessary relation to Protection than an intelligent discussion has to a pugilistic encounter.

To sum up, one might say that this book has about all the faults that a book pretending to discuss economics could have save one—it is written in a readable style. This, however is probably accounted for by two facts which the author incidentally furnishes: One is that he has given very little study to economics except through the newspaper editorials, and the other that he is an exporter and therefore more interested in securing a foreign than in preserving a home market. Either of these may be a sufficient reason for his crude and narrow views on the subject, which render him unable to write a broad-minded book on economics and public policy.

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THE "RELATION OF LABOR TO THE LAW OF TO-DAY" by Dr. Lujo Brentano, (Putnam's Sons) is chiefly a historical treatise of considerable scope. The author fails somewhat in grasping the fact that the labor movement has been evolution-



ary and constant from the beginning, and so does not give us the clue to the historical sequence of the developments which he records. But one who has that clue will find in this book much to instruct him and carry his doctrine forward to completeness. From the imperfection of the writer's view of the past development of humanity, springs the remark of his closing chapter, that the goal of humanity in its final development is hidden from us. His contention that the three principles of authority, free competition and association, or authority, individualism and socialism, struggling each for mastery in a perpetual relation of unstable equilibrium, of course prevents him from forecasting the final mastery or prevalence of any one of them. Nevertheless the announcement of such principles is for most readers of value, since they themselves also seem to see in the contentions of the present day the varying fortunes of these three forces in constant interchange of victory and defeat. When, however, one grasps the true principle underlying all, that one economic law of increasing consumption leading to increased production with shorter hours, higher wages, larger profits secured through improved machinery, is always at work pushing everything before it, like the irresistible plough-share of a glacier, he ceases to watch the phantom struggle of those three principles, and begins to get sight of the economic movement itself. He then perceives that the one principle of a struggle, first for existence, and second for better subsistence, is the driving wheel of humanity, and that authority is adopted when it seems to promise most, individualism when it gives best results, and co-operation when there is more profit in that. Mankind is always the acting factor and deciding force, and what mankind thinks and desires carries all before it without any profound discussion as to the intrinsic nature of what is decided to be done. Mankind like a vast amoeba puts out arms in every direction, seizes its advantage whenever it finds it, and advances to the better by any means it can find. "The final goal of humanity" is almost a contradiction in terms, for humanity must go an infinite journey and always be adding something new and better to its felicities. Nature will not be exhausted nor dis-

coveries cease for so many ages, that we may properly say that progress will be interminable, and the effects and methods of it will be the same in general that they are to-day. The universe will be here with the same powers better understood and used, man will be here with greater wisdom and resources; and the reactions of the two upon each other will simply be more varied and powerful, though of the same general nature as those now occurring under our eyes.

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MR. H. M. THOMPSON writes a book on "The Purse and Conscience," Swan, Emmenschein & Co., London, to show "the connection between ethics and economics." His thesis is that competition "tends to award benefits in proportion to services," and therefore the first duty is to clear the way for "perfect competition." He then goes on to advocate self-denial with regard to luxuries; the discouragement of modern love of possession; recognition of our responsibility toward others in money matters and combat against the social power of wealth." The first and last of these recommendations seem to us profoundly uneconomical and therefore immoral; the other two mere rules of sentiment having no real bite on human affairs whatever.

It is a pity that idealists will write about ethics and economics without a careful study of the nature and laws of either in actual human society. They might so easily learn that economics are the laws of life itself, and correctly practiced do themselves produce first, existence, and second, existence in society or social existence, and third, social existence continually mounting to higher forms as the means of subsistence become more abundant through increased production and consumption. The whole subject is easily elucidated on these lines and no other principles have ever succeeded in clearing it up consistently by mere adjustment.

The unlimited competition which Mr. Thompson believes in has virtues of its own doubtless, but that it has all the virtues in embryo is hard to believe, seeing that society is tending to supplant it by co-operation in all departments in order to secure advantages which headlong competition alone has failed to se-

cure. An economist or moralist who loses sight of the great practical drift of his times is always liable to substitute theories for facts and spend his words on empty notions. The necessities of life force the currents of the times to run as they do always, and these necessities therefore are the economic and moral facts of the case without recognition of whose force and aim it is impossible to reason soundly or practically—which is too often unobserved.

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PRINCIPIO DELLA POPOLAZIONE, LIBRI III. De Giuseppe Majorana, Roma, Ermanno Loescher & Co., 1891.

Giuseppe Majorana gives us a book called "*Principio della Popolazione*," in which he reviews Malthus and his followers, who claim that population tends to press on the means of subsistence unduly, and shows, as we have shown that such tendency is restrained by so many personal considerations as to be duly resisted. He then attacks the socialists' contention that poverty is caused not by too many people but by unjust distribution, and shows as we also have shown that even a just distribution would still leave poverty, because as yet production is insufficient for all to have abundance. He therefore advocates increasing production in which we agree and are pleased to find in Italy an economist so wise and sound as is this Roman. We congratulate ourselves upon a coadjutor so far away.

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LEERBOECK DER FINANCIEN. De Theorie der Belastingen by P. W. Van der Linden, Professor at Groningen, Holland.

Mr. Cort Van der Linden, Professor of Law at Groningen, in a book on finance and taxation starts far back, after the German method, with an analysis of the nature of the state which he believes to be the chief organ of modern social progress—a view quite opposed to ours which makes the State to be a tool of society to get a better subsistence. Mr. Van der Linden shares the old world reverence for the State in the abstract and thinks the legislature should only pass upon the amount of the taxes and not inquire too closely into the objects for which they are spent. We on the other hand think the spending of taxes to be the most important things about them, since the public good is served by useful outlay alone. The rate of taxation is of small consequence if the expenditure be wise and profitable.

## **New Books Received.**

**ECONOMICS OF INDUSTRY.** By Alfred Marshall and Mary Paley Marshall. Macmillan & Co., New York and London. 1891. 231 pp.

**OUR COUNTRY: Its Possible Future and Its Present Crisis.** By Rev. Josiah Strong, D.D., with an Introduction by Prof. Austin Phelps, D.D. Revised Edition. Published by the Baker & Taylor Co., New York, for the American Home Missionary Society. 1891. 27 pp.

**THE WEALTH OF HOUSEHOLDS.** Danson. Clarendon Press, Oxford. 368 pp.

**MONEY, SILVER AND FINANCE.** By J. Howard Cowperthwait. G. P. Putnam's Sons, New York and London. 1892. 242 pp.

**THE INDUSTRIAL AND COMMERCIAL HISTORY OF ENGLAND.** Lectures delivered to the University of Oxford by the late James E. Thorold Rogers. Edited by his son, Arthur G. L. Rogers. G. P. Putnam's Sons, New York and London. 1892. 473 pp.

**THE PLATFORM: Its Rise and Progress.** By Henry Jephson. In two vols. Macmillan & Co., New York and London, 1892.

**ENGLISH ECONOMIC HISTORY: An Introduction to English Economic History and Theory.** By W. J. Ashley, M. A. G. P. Putnam's Sons, New York and London. 1892, 227 pp.

**CONTEMPORARY SOCIALISM.** By John Rae, M. A. Revised edition. Charles Scribner's Sons, New York. 1891. 508 pp.

**THE HYGIENIC TREATMENT OF CONSUMPTION.** By M. L. Holbrook, M. D. M. L. Holbrook & Co. 1891. 219 pp.

# SOCIAL ECONOMIST.

APRIL, 1892.

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## Symposium of Prominent Public Men on Silver.

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HON. RICHARD P. BLAND.

The present bill proposed that gold and silver should be in the ratio of sixteen to one. It was to the advantage of all that gold and silver, as far as could be, should have equality. In order that this equality should be preserved, it was necessary that silver should be put upon the same plane with regard to issuing certificates as gold. The holder of gold bullion was not required to wait. He received legal tender money or gold certificates from the Treasury upon the presentation of bullion. The act provided that holders of gold and silver bullions should have a right to deposit their bullion at the mint, and the mint could pay for it on the spot. The bullion was deposited and the money turned over to the depositor for gold and silver, under the act of 1873, just as required by this bill. The law did not specify that the bullion should be coined at any particular time. This was left discretionary, to meet the exigencies of the Government. But, in reality, it was coined, for the most part, and the resulting coin kept on deposit to pay for the bullion as deposited. There was nothing new in this bill in that regard. Gold and silver bullion could be deposited in mints and assay offices, and coin certificates issued for their value. These coin certificates were made legal tender for all customs duties, and in payment of public debts.

By this bill we simply put silver on an equality with gold, nothing more, nothing less. There is a greater necessity for silver to have this right than gold.

Mr. Bland quoted Cernuschi as saying that France made a great mistake when she limited the coinage of silver or took any notice of demonetization by Germany. The opponents of this bill, he said, were courting that very danger. The exigencies had resulted in our demanding the repeal of the law of July, 1890. The governments of all the world knew that the wealth and

power of this country were determined to demonetize silver absolutely, and that we were driving them to it. Lombard street and Wall street were twin brothers. The restoration of silver here meant the restoration of it everywhere. When you demonetized silver the world over, gold itself was gone. If that day should come when silver was demonetized he did not care how soon gold went with it. The money of the world would then be disembodied, and metallic money would be a thing of the past. Gold and silver had been twin brothers since the days of civilization. When you severed the ligature between them they were dead. The benefit to be derived from this bill was that it restored the old power of the two metals, and preserved to this country the standard of money based upon both metals. If our gold went abroad and our silver remained here, we still would have the same volume of money, although of a different metal.

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HON. JAMES G. BLAINE, *Secretary of State.*

"I believe gold coin and silver coin to be the money of the Constitution, indeed the money of the American people anterior to the Constitution. . . . No power was conferred upon Congress to declare that either metal should not be money. Congress has, therefore, in my judgment, no power to demonetize silver any more than to demonetize gold; no more power to demonetize either than to demonetize both. . . . What power then, has Congress over gold and silver? It has the exclusive power to coin them; the exclusive power to regulate their value—very great, very wise, very necessary powers.

"The first dictate of prudence is to coin a dollar such as will not only do justice among our citizens at home, but will prove a protection—an absolute barricade—against the gold monometallists of Europe, who, whenever the opportunity offers, will quickly draw from us . . . the gold coin still in our midst. And if we coin a silver dollar of full legal tender, obviously below the current value of the gold dollar, we are opening wide our doors and inviting England to take our gold. With our gold flowing out from us, we are forced to the single silver

standard, and our relations with the leading commercial countries of the world are at once embarrassed and crippled.

"The question before Congress, then—sharply defined in the pending House bill—is, whether it is now safe and expedient to offer free coinage to the silver dollar of  $412\frac{1}{2}$  grains. . . . At current rates of silver, the free coinage of the dollar containing  $412\frac{1}{2}$  grains, worth in gold about 92 cents (now worth 70 cents.—ED.), gives an illegitimate profit to the owner of the bullion, enabling him to take 92 cents' worth of it (now 70 cents worth of it.—ED.) to the mint, get it stamped as coin, and force his neighbor to take it for a full dollar. This is an undue and unfair advantage which the government has no right to give to the owner of silver bullion, and which defrauds the man who is forced to take the dollar. . . . Consider further, what injustice would be done to every holder of a legal tender or national bank note, . . . for, whatever the value of the silver dollar is, the whole paper issue of the country will sink to its standard when its coinage is authorized and its circulation becomes general in the channels of trade.

"We hear it proclaimed in the halls of Congress that 'the people demand cheap money.' I deny it. I declare such a phrase to be a total misapprehension, a total misinterpretation of the popular wish. The people do not demand cheap money. They demand an abundance of good money, which is an entirely different thing. They do not want a single gold standard that will exclude silver and benefit those already rich. They do not want an inferior silver standard that will drive out gold and help those already poor. They want both metals in full value, in equal honor, in whatever abundance the bountiful earth will yield them to the searching eye of science, and to the hard hand of labor."

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HON. THOMAS T. BAYARD, *Ex-Secretary of State.*

"I earnestly opposed at every stage those laws by which the Government became more and more extensively a purchaser and proprietor of silver bullion, and of its legal tender coins

composed of silver, and my sense of the danger arising from the entrance upon such false premises of duty has rapidly increased under the progressive legislation of Congress—in the direction of forcing silver in and gold out of circulation, in the vain and illusory effort to establish a fixed ratio and create a parity of value and exchangeability between the two metals.

. . . As a result, the nominal ratio at which silver coinage is progressing is sixteen to one, while in fact, the actual ratio or market value is twenty-three to one.

“Up to this time the Government alone has assumed; and for the public profit only, to coin silver bullion into pieces of money issued at a nominal value, whose intrinsic value is far below in open market; but the proposition is now strangely advanced to hand over this power, and the enormous profit attending the transmutation of 70 cents into \$1.00, to the class of private owners of silver bullion for their individual enrichment.

“These precious metals are not public property. They belong, the world over, to private owners, by whose labors they were produced out of the earth. . . . Who will deny that the simple creed . . . in relation to money has ever been that it has two essentials—the material and the stamp—the former giving it its value, and the latter assurance of the weight and fineness of the metal of which it is composed?

“A cheaper dollar means a poorer dollar; the poorer the dollar, the poorer must be its owner. Let this thought be borne in mind when the immense aggregate of the wages of labor is assailed by any policy that would make a silver dollar or a paper dollar of less worth, of less purchasing power than a gold dollar. . . . There is not one of the acts of tyrannical power complained of in the declaration of independence, that would inflict such widespread disaster and permanent loss and suffering.

“I would be unmindful of my duty to my country if I did not now beg the Democratic advocates of free silver coinage to beware lest by their action they impair and weaken public confidence in the wisdom and conservatism of the organization of which they are members.



HON. JOHN SHERMAN.

"I wish to discuss this subject as fully as I can in the presence of Senators who are interested as deeply as I am in the questions involved, not in any party aspect, but simply as a business proposition as it affects the property, the rights, and the interests of every citizen of the United States. . . . It will be perceived that this proposition is that the United States will pay \$1.29 for every ounce of silver bullion which may be offered to it from any part of the world. By this proposition the United States is not at any liberty to pay for this bullion in silver coin, in silver dollars, of which we have now \$300,000,000 in the Treasury, but the option is entirely with the holder of the bullion to demand either coin or bars, or treasury notes. There is no option left to the government of the United States as to the mode of the payment for this bullion. The price is fixed, and, as a matter of course, the holder of the bullion will take the most valuable mode of payment, and that probably will be United States treasury notes. . . . The whole field of silver, \$3,800,000,000 in sight in the world, is to be drawn upon. . . . The market price is fixed at \$1.29 an ounce. To-day according to the quotations I see in the papers of the silver bullion in the markets of the world is something less than \$1.05 an ounce, and in our market it is quoted at \$1.05. . . . Here is an offer, therefore, that at \$1.05 we must pay for this silver 24 cents an ounce more than its market price.

"When we propose to pay \$1.29 an ounce for silver and it is worth \$1.05, we undoubtedly give it an advance and it may possibly at some time or other reach a parity. How long would it remain there? Only as long as we will pay this price. The market value is the judgment of the world, not the judgment of any nation. The market value is the judgment of those who deal, who produce, who sell, and who use any commodity. It is their wants and their interests that regulate market value and not the laws of men.

"The problem we have to solve is, how can we maintain two articles of unequal value the equal of each other? How can we

maintain silver and gold, which vary in the markets of the world, at the ratio we propose by law?

"There are two theories on this subject. Both of them are entertained honestly by intelligent men. One of them is, first, a limit to the coinage of the cheaper metal and its maintenance by redemption at par with the dearer metal. That is bimetallism as I understand it; that although the price of bullion may vary in the market, yet we will maintain the coinage value and the purchasing power of the cheaper metal at the higher standard by receiving it and redeeming it if necessary. That is what I call bimetallism. The other theory is the free coinage of the cheaper metal without limitation. That means monometallism. Nothing else can designate it. If any article is allowed to be coined which is cheaper than another, the cheaper article will take the whole volume of circulation, and the dearer article will either be hoarded by those who value it higher or be exported to other countries where its use is demanded. Now, is there any doubt about that?

"From 1792 to 1834 gold was demonetized because it was undervalued, and after that silver was demonetized because it was undervalued. The same law applies to both metals, for sometimes one is higher than the other, and the only way by which they have ever been kept at the coinage ratio is by the government buying the bullion in the open market, coining it, and receiving the coin and holding it, and maintaining it at a parity with the other."

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HON. M. D. [HARTER.

Mr. Bland's claim that the passage of the bill would make money more plentiful was misleading and untrue. All the laws that Congress could pass from January to December, from now until eternity, would not materially alter the market (or world) value of silver. The trusting farmer who to-day was standing by with bated breath, wailing for the salvation which the Bland bill was to bring him, would find its becoming a law would sweep away one-half the savings of his lifetime. Truly Mr. Bland would prove a worse curse to the

farmer than all the dry seasons, wet seasons, frosts, cyclones, locusts, chinch bugs, and protective tariffs they had suffered from in the last decade. Whenever a man tried to induce a voter to support the kind of legislation Mr. Bland proposed, he told him he was a debtor and cheaper money would cheat his creditor. That it would deeply wrong the creditor was beyond a doubt true, for it was one of the results of this kind of crime that it hurt practically everybody. The creditor class, properly speaking, made up ninety per cent. of our people, for every man who was solvent belonged to the creditor class. The real creditors, said Mr. Harter, were: First, the 4,258,893 who owned the \$1,524,846,506 of deposits in savings banks; free coinage would cost them \$457,453,351. Second, the 800,000 pensioners, whose pensions would be cut down \$47,000,000 in one year. Then the 5,000,000 life insurance policy holders, who would lose, \$2,250,000,000; then the 500,000 men and women who had invested in building and loan associations, and then the millions of clergymen, clerks, men in the army and navy, and in civil service, who would get but seventy cents on the dollar. Every time the money of a country was debased these were the classes which suffered most. The Bland bill, he said, while called a free coinage bill, was really a bill compelling the nation to buy all the silver the silver ring could get together, no matter how much it might prove to be, at 129.29 an ounce. This would utterly and hopelessly bankrupt the country, and might in the end create a revolution and change our form of government.

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Our views of the money question are given in the following article.—Ed.

## Money, Silver, Coinage.

"Thick as leaves in Vallombrosa" fall essays on Silver, and Finance, and Coinage, upon a bewildered public, whose interest in financial questions is just now at its highest by reason of the introduction of the Bland Silver Bill into the House of Representatives at Washington. Nearly everybody fancies that he himself, and he alone, sees to the bottom of the perplexed question of money, and each is anxious to make the public aware of his complete wisdom on the subject. If, as says the old Hebrew proverb, "there is safety in a multitude of counsellors," our country is in no danger whatever of going to the financial dogs, for the multitude of her counsellors is as great as the number of her journals and newspapers, and they are scattered through our whole territory. Nearly everybody is carried away with the notion that some financial scheme can somehow increase actual wealth, that plenty of money means plenty of goods, that the larger our coinage the richer everybody will be likely to be. These extemporaneous financiers, one and all, seem to forget that goods are produced only by labor, that wealth is really the goods themselves, and that no manipulation of coinage by Government can possibly increase the real wealth of anybody—that is, his houses, lands, cattle, factories, clothing—however cunningly that manipulation may be managed. If this primary fact of life could once be grasped and held fast by everybody, if each and all could be made to remember that money does not increase wealth, but only helps men to exchange wealth which exists, and would exist whether there is money or no money, a firm step forward would have been taken in the midst of the chaos. But, unhappily, this is not insisted on. Writers write, and talkers talk, and legislators legislate as if an abundance of money were able to multiply farms and horses, and houses and factories and all sorts of wealth without further labor. And they therefore insist upon plenty of money, meaning thereby plenty of coined dollars, so called, as a panacea

for all the ills of poverty from which men have suffered since the human race began. But is it not clear at the outset that coinage, as such, adds nothing to the wealth of the country whatever? If all our silver and all our gold were coined into dollars to-morrow, it is evident, that even so far as those metals were concerned, we should not have added an ounce of wealth to anybody or anything. There would be no more gold' or silver in the country after it was so coined than there was before it was coined. The stamp would not add a pennyweight to the substance and so could not add to our wealth. What the bullion was worth the coin would be worth—no more, no less; and the quantities of other goods which we possessed would not have been increased to the extent of a single yard of cloth or a single pair of shoes, or one small grain of wheat or of corn. So little has coinage to do with real wealth, so far is the excitement of all manner of people as to coinage from being concerned with a matter which pertains to the increase of their comforts. Yet vast numbers of them are of the opinion that nothing is more certain to make them richer than the mere coinage of bullion into current dollars of the realm in immense quantities, and they are ready to go to any lengths in order to get this done. Their minds are so inflamed with the word dollars that they fancy the repetition of that word upon innumerable coins will actually increase the resources and wealth of themselves and all their countrymen.

But if they would consider a moment they would see that it makes no difference whether the word dollar is stamped repeatedly upon coins or upon paper; the stamping itself can add no value whatever nor increase wealth in any way, since a stamped word costs nothing and so can add nothing. In fact, stamping a word is no more than saying a word; and one might as well attempt to add to wealth by promising the word dollar a hundred times in succession, as by stamping it on metal or paper. After all is said or done there is just the same amount of actual stuff, real wealth, as was there before, and nothing else.

How vain, ineffectual, childish it is then to expect to add to the sum of human comforts by additional increments of coin-

age becomes evident at once. For what humanity needs for comfort is not coinage, but clothes, and food, and houses, and all the articles whose production calls for labor, and in whose increased production alone is there any of the wealth which all so sedulously and rightly desire. The means to these things is increased production; there is not enough of them all as yet to go round with any profuseness, and there would still not be, though we were to corral all the gold or silver of the whole world and coin it into dollars and have an hundred coin dollars per capita of circulation, instead of twenty-seven. For money could not buy what did not exist, and men would still be poor for lack of useful things which only farms and factories could furnish in response to skilled and intelligent labor properly applied.

What, therefore, is hoped for by all our theorists from schemes of finance and coinage of metals, namely, that everybody shall be richer, can by no possibility occur so long as putting a stamp on bullion does not in any way increase existing quantities of real wealth.

In fact the more silver we put into current coin the less wealth we shall produce for that coin to represent, for all the industry which goes to mining gold and silver, to moving gold and silver, to coining gold and silver is so much taken from the gross productive capacity of the community. The more men we have at work at these metals, the fewer are left to work at farming, building, steaming and other industries. Already it is said that more industry is employed in getting gold than in getting coal, yet who will say that the gold production is anything like as important to civilization as the coal production? One means a tool for exchange mostly—the other means all the steam-engine industry of the world. When, therefore, we turn government powers towards the stimulation of silver production by offering to take all the silver produced, we abstract just so much industry from cloth, shoe, grain, coal, iron production. And when by that stimulation we produce more silver than the actual needs of business require, we also reduce the quantity of actual wealth by just so much. We have more means of exchange,

but less goods to exchange, and are so much the poorer by the process.

Public money thus takes wealth from one form of service, namely production, and puts it to another, namely exchange. The more there is used for exchange, the less there is for other uses. So that all the wealth put into money beyond the actual needs of the community for exchange is really so much waste, and thus it becomes true that the more coin, the less wealth. And when public money is used to do what private money would do as well, when a coin dollar which has cost a dollar to get and make, is used to do the work of exchange which a private check would do as well or better, there is just so much waste of wealth, as if one should use silk to make wheat sacks instead of bagging which is better. Barbarism carries all its money in precious metals, locking up its wealth in that unprofitable form; civilization puts its wealth into paper, and releases the coin to other uses, thereby cheapening the cost of its exchanges incalculably. The cry for more silver, therefore, is a cry for more expensive methods. The craze for more silver is a craze for less wealth. It cheapens our coinage and decreases our production of goods at once.

The necromancy of the subject of coinage by which it confuses and crazes both many experts and the populace, all resides in the use of a single word, namely, dollar. Too careless minds seeing that the transactions of the country are made in terms of dollars jump to the conclusion that if we can multiply the number of these dollars we shall therefore enrich ourselves. They fail to hold fast the fact that a given amount of bullion, gold or silver has a constant value derived from the cost of its production, which no amount of coinage can change. If a ton of gold or of silver is coined into a certain number of dollars so-called, each dollar will be worth its own proper fractional share of the value of the whole ton; coin it into twice as many dollars, and each one will be worth half as much. There is no escape from this fact any more than there is from the fact that if one make a thousand loaves of bread from a barrel of flour, each loaf will be worth only half as much as if the same flour were made

up into five hundred loaves. No multiplication of bullion into more dollars, therefore, can possibly exceed the bullion value of the metal which it had at the outset plus the small cost of coinage. This being held fast, together with the fact that coinage does not increase wealth, we may next come to the real issue in the present agitation about money, which, although disguised under many false masks, is at bottom only a question of the ratio between gold and silver coinage.

There is no reason whatever why it is desired to coin all our silver into dollars except that the silver dollar at the present value of bullion contains less value than a gold dollar. If the number of grains of silver in a silver dollar were raised say to 23, so that there should be as much silver value in a silver dollar as there is gold value in a gold dollar, there would be no objection to all the free coinage in the world. In fact, if our silver coin and silver certificates were stamped with the phrase "Good for a dollar's worth of silver"—so that whatever were the market price of the silver of that coin, that certificate should always call for one hundred cents worth, we could go on coining indefinitely without danger to any interest, since every man who took such a certificate would be sure of adequate value for it on presentation to its proper redeemer.

Only with such a stamp it would be at the same time necessary that the government should retire from its present position of general banker and guarantor of bank notes, and leave the question of furnishing the dollar's worth of silver on demand to the banks which issued the certificates. Otherwise the government might become the victim of bands of speculators, who might unite to accumulate large lots of silver and then raise the price by locking it up, sell it to the government while silver was high, get certificates for it at the cost of little silver, keep them till silver fell, then call on the government to redeem its certificates with more silver than they gave for the certificates at first. To prevent this, the government should be obliged to cease from its silver dealings altogether, and issue its certificates only to such banks as should themselves own the silver, and be willing for the sake of issuing circulation notes to



run the risk of silver depreciation, just as they now do of a similar depreciation in the value of other securities on which they loan their money. This is a bank's proper business, and could therefore be left to them to arrange as suited their own interests.

Such a course would indeed decrease so far, the government's responsibility respecting money issue, just as it ought to be decreased. The government as such has no fit machinery for engaging in the business of general banking and guaranteeing the solvency of currency. Its proper office—the duty of its stamp—is to signify that such and such piece of money is gold or silver of a certain weight and purity. And when the government goes beyond this and gives its dollar stamp alike indifferently to a piece of gold which has a value of 100 cents and a piece of silver whose value is only 70 cents, it only confuses the currency and misleads its people—as much as if it should stamp a yard measure mark upon a ruler of 36 inches, and another of only 26 inches at the same time. The fraud that lurks in the different meanings of the word dollar, is thereby transferred to actual life, and poisons every exchange of commodities at its center. The government has really no right to stamp dollar on any metal save such as is worth a dollar—its duty ceases with its certification to that effect.

But what makes a dollar worth a dollar? Here indeed, all seem to be quite at sea, and to imagine that it is the demand and the supply of the different metals which determine their relative value. So we have even a minority of congressmen recommending the vain alternative of a monetary conference with other nations to re-establish silver coinage, with the expectation that such re-establishment would restore the value of silver to its old ratio of  $15\frac{1}{2}$  to 1. They do not see that silver is demonetized by other nations because it is declining in value, and not declining in value because it is demonetized. No nation in the world had any reason to establish the gold standard and abolish silver, except, because silver was always losing in the world's markets. If silver had been gaining, no one would have moved to throw it out. But silver was losing and the nations made haste to get rid of it for the same reason that

a capitalist makes haste to get rid of stocks that are sure to decline in value as time goes on, or of real estate which is shrinking, or of any commodity whose decline he foresees.

And the reason why silver was declining in the world's markets was, that the cost of its production, owing to improved machinery and the discovery of richer mines, began to decline. This indeed is the sole cause of every economic decline in prices. All things tend to be sold at the cost of production; reduce that and the price of everything will fall away by a law as inevitable as that by which water runs down hill. So since silver can now be more cheaply produced than formerly, silver tends to become cheaper, and its fall cannot be arrested by any or all nations together till it reaches a point below which it cannot be produced profitably, and there it will rest. The widespread notion that a conference of nations and a remonetizing of silver by all, would restore its former value is as empty as would be a supposition that a congress of nations could raise chaff to the value of wheat by agreeing to call it so. For the larger the market for silver, the more silver will be produced, by the working of poorer mines; and there is silver enough in the earth to supply any conceivable market, so long as that market makes it profitable to do so. We shall as soon come to the end of the grain of the fields by the exhaustion of the soil, as to the limit of silver production by the exhaustion of mines. They reach perhaps to the center of the earth, and given a profitable market, there is no limit to the supply they can furnish.

And the effort to maintain, under the load of a reduction in the cost of production, the price of silver, is also an effort to increase that supply as fast as the cost of production is reduced, since every such reduction makes the production of silver more profitable to mine owners, and therefore increases their output. This feature is not enough considered in the discussion. The production of silver is unlimited. The cost of producing it is reduced—the output increased in consequence. All the combined world, then, would fail in an effort to keep its price up to the value which it had when the cost of its production was

greater ; just as all the world combined could not keep wheat at the same price in a succession of good harvests, when the cost of production per bushel is low, which it would sustain in a succession of bad harvests when the cost of production per bushel is high.

And it is this same fact of the relative cost of production that makes it impossible to preserve any fixed parity of value between silver and gold, however much one might desire to do so. The variation of cost of production of the two metals is fluctuating, and which ever comes cheapest must go cheapest in comparison with the other. Gold has been below silver in this respect before now, so that many ground rents were fixed in silver in Philadelphia on the expectation that silver would always be more costly. If large mines of easily reduced gold ore were discovered, at which gold could be produced more cheaply than silver is now, gold would itself begin to fall with the decline in its cost of production, and this may one day become the case. Then too, as now, the difficulty of a double standard would become troublesome, and the impossibility of comfortably riding two horses of unequal speed would become painfully apparent. Value depends upon cost of production, and so long as that cannot be kept even between any two commodities, their relative value to each other must fluctuate in proportion to their cost indefinitely. Therefore is one standard indispensable, that should be the world's standard, since the only object of any is to measure all other values by it—its own value being comparatively of little importance ; just as it matters little whether a yard be 30 or 36 inches, so long as all men agree as to what it should be.

In order to take the money question out of politics a policy is necessary. This policy is to put the matter on a business basis so that the demands of business shall be met economically, automatically, constantly, without conscious supervision and without intermission. This can be done by leaving the supply of money to the bank and bankers, just as we leave the supply of hats to the hatters, and of shoes to the shoemakers, and of flour to the millers. When more money is needed the profits

of supplying it will cause the supply to be increased quickly, certainly and sufficiently, just as a need for more cloth sets the factories going, or a need for more flour sets the millers at work.

We are now so used to calling upon the government to fill up the money market, that we do not readily see that it would be just as sensible in reality to make the government responsible for deficiencies in the supply of wheat, or of cattle, or cloth, as to make it responsible for the supply of currency. But in reality the dealers in money can take care of that, as well as can dealers in other things of them. When silver is wanted they can furnish silver, when gold, gold, when paper, paper, either bank bills or checks or drafts. If the whole business is only relegated to them, and the government goes out of the money supply business, as it has gone out of the bread supply business, the whole matter will adjust itself. The Roman populace were taught to demand of their government bread and games (*panem et circenses*), but now one would as soon ask the government for winter strawberries or summer ice. Later, and still, some governments are supplying churches and church funds, but our government has shuffled the supply of those off to private provision. So should the government retire from supplying money and leave it to private provision. In so doing, they but follow the drift of economic forces which have already relegated the supply of ninety-five per cent. of all the money used to private provision, so that the government is concerned with supplying only the remaining five per cent. It is but going a single step further to remove the whole from government responsibility, excepting in so far as it should always be called upon to stamp coin with a stamp, which shall simply guarantee weight and fineness of metal and nothing else. There its responsibility should end. All parties applying with bullion for coinage could get it coined into coins of that sort showing its intrinsic substance and naught else. As for the folly of trying to keep up two metals at a given ratio, that would disappear of itself, as it should, being a natural impossibility as destined to failure as would be an effort to keep Jupiter and Venus in permanent conjunction in the evening skies.

## Woman's Economic Progress.

Among the important subjects discussed in a late number of the SOCIAL ECONOMIST, I am pleased to note that the writer has not been oblivious to that much vexed question "Our Servants." Truly the essayist in review is not only unprogressive, but betrays an un-American spirit, when she laments the loss of the "good old times," the days when our servant was "humble" and would not have dared protest against a garret room shut off by boxed stairs from the rest of the family, its small window with louvre blinds for light and ventilation, a cot with a rug by its side on the otherwise bare floor, its one chair, a small table on which a tallow dip or a diminutive oil lamp served to make darkness visible. It is true that the spirit of the age has in these respects and others somewhat reformed her condition, and we shall, by a cursory retrospective view, note some of the conditions which contributed to secure this desirable change.

In the first stage the press of circumstances, in the cities at least, where one must ever look for the nucleus of all progress, has forced her down from her garret pen upon the same floor as that occupied by her employer. Here she has come in hourly contact with the family, which, together with other influences, has aroused a desire to have what they have and do what they do, or approximate it. This has set her slumbering intellect in motion, and the possibility of attainment strengthens her desire into a demand, first for higher wages, then for better accommodations, a demand which has become so potent that as an outcome of her partially developed aspirations, architects are actually considering how they can add a little length and width here, a larger window there, to the "servant's room," and really supply them with the luxury of a gas jet.

But what is the trend of this mobility in this line of industry? Is it a drifting? Or is there underlying the movement

that initial cause, that persistent force that underlies every other phrase of industry? The multiplication of human desires? That this is so is evident to a close observer, but whither is the goal in this particular phase of industry, and by what lines can it be reached? It is a pertinent question, and one peculiarly fit for women to consider and answer.

The subject was very forcibly brought to the writer's mind not long since, while attending a suffragist meeting. These good women and true, were discussing political questions and the right of suffrage with all the ardor their strong souls were capable of, (and the sex has much to thank them for), when a gentleman in the audience arose and said considerably, that he wanted women to have all she thought *good* for her, there was more real wisdom in that phase than his listeners testified their appreciation of at the time. He seemed desirous of ascertaining what would be their plan of action after they had obtained suffrage, and as a possible way of discovering their methods, he remarked that there was one phase of government in which men had never taken part—the “servant-girl question.” He asked how they disposed to settle it. Of course it was summarily disposed of as irrelevant, which was true, for like our metaphysical friends, the socialists, such querists are endeavoring to make the flower blossom, before the slip has taken root.

Does it not seem possible and even probably that this problem is solving itself by following the same lines that all industry has gone? If it appears such a tangled web that even woman shuns it, is it not because from her Nineteenth Century point of view, she is more impressed with its aspect as an element foreign to all previous experience, than as a first step in woman's industrial world? Should we not go back several centuries, when we find man in the same condition that woman is to-day? *Not* that they were doing the identical things, although in that low state it is probable, but their general condition was the same. They were *cheap*, and the cheaper both were, the more likely they were to perform the same services.

If we could root out the different stages of industry, and place them successively where we could view them, we would

find no difficulty in comprehending the order in which they evolved, but because we find, especially in our own country, all the stages co-existent, we scarcely believe that each has its legitimate place. In the early existence of men, woman was considered as a mere chattel for a much *longer* time than man, but we must not forget that man had once been a mere chattel too. This longer duration in this form of bondage was owing to purely physical inequality, over which man had no control. That need not trouble us. As with man we must deal with woman—as we find her. About the first differentiation of employment that took place was in agricultural pursuits. Both men and women engaged, and when men went to war on account of their physical advantage, happily, the women—had the earth left them. To be sure we hear nothing of what they accomplished on those lines, nor is she as tiller of the ground, sung by the poets, that I am aware of, but there is reason for that; while their industrial efforts were identical, there was no recognition of sex. Physical formation alone drew the line of demarkation; so that when man was spoken of, woman was included as *part* of man—the lesser part, because weaker. In all low civilizations to-day the same is true, and only in the highest do we find a recognition of the distinction of sex. To preserve this precious boon is woman's work, her reward,—the knowledge that she is not a *part* of man but necessary to him. Is not the housework done by the "servant girl" the first differentiation from an agricultural pursuit? Our greenhorns of to-day, whence do they come, if it is not from agricultural countries, from the fields where they hoe potatoes and sow corn?

If this is true, you ask, Why then are we obliged to give them such high wages? They do not need so much; are indeed often better off without it. All this may be true. This belongs to the wage question, but we may touch upon it here with propriety. You fail to see that *they* do not fix the rate of wages. Who does? Why, the twenty per cent. of their class. You do not understand? It is simple enough. Imagine then one hundred families and twenty servants who have been living

in the city for a few years. It takes \$12 per month to supply them with what they need. They cannot live on less, and they *will not* work for less than their cost surely. To be able to purchase their service you *must* give the required sum, and *do*. Well then, eighty maidens fresh from Erin's isle arrive; this makes the necessary supply, for the remaining families desired servants but there was no supply. They are willing and engage to do the same work for the remaining families. They will not take less than the others do, and they *can* get it *because* the others do. If you hire them you will have to give it. Of course you need not hire them, and in that case they cease to be a part of the necessary supply, and you will continue to do your own work, and they will travel further.

That they do not perform duties equally with the more skillful, is no concern of theirs; *that* is your affair. You can discharge them but you cannot force their wages down. That housekeepers are discharging the unskillful continually is true, which necessitates their finding employment elsewhere. They are thence crowded into the hotels and eating houses where their work is specialized, and this specialization of labor is another differentiation of woman's work. The worker is no longer obliged to think of nothing but the preparation of the meal. Having but one division of the menage assigned her, she performs her part automatically, and so has leisure to receive other elements into her life. By coming in contact with others of her class who have entered that other differentiation of industry—the factory, the birth-place of specialized labor, whose far-reaching advantage fails not to minister to the wants of all classes and conditions of mankind, as well as where socializing forces concentrate, and the wheel of *progress* was set in motion, she will strive to emulate them, and by virtue of the right to have what her class may have, to gain the privileges her sister, the factory girl, enjoys. It is thus she demands her evenings to herself and a periodical leisure Sunday, and in these leisure hours the "humble" servant girl experiences the advantages of those wonder-working forces—steam and electricity stored in the hub of the wheel of progress. In these leisure hours new wants



have developed, desires have strengthened into demands, which have left their impress on the minds of our architects. Later on, have not these women taken care that their children should attend school and so fit themselves for a little higher and new employment? Then they are sent into the factory as a next step, perhaps.

So far women have been mainly employed in feeding and clothing the human body. This does not require the highest grade of intellect, but it is as necessary for mankind to be free and clothed, as it is for them to live or die. If by virtue of specialized labor other elements have entered into their lives, have awakened a desire for something better, we should rejoice. It is a hopeful sign; this very restlessness indicates advancing civilization. Because of this advancement shall our servants become less humble? Not at all. True, humility and meekness are the fruits of a highly developed character, and the character that commands respect, yields it.

So far we have travelled on parallel lines with our brothers, and our industries have been singularly alike. At this point we may so continue, but the occupations become widely divergent. This has led woman to think there is danger of deterioration.

Just as our socialistic friends have thought that in switching off from the "State in the end view" society had gone astray. As woman can no longer labor *as* man does, she must switch off. Woman's mind here begins to operate for itself. She now becomes *conscious* that she has created industries for herself and must continue to do so. Here woman takes her next step in her legitimate sphere.

To announce that as teachers, woman has reached the apex of success in her industrial world, is rather anticipating. If we consider the question attentively, however, we will see that this is the inevitable result of woman's industrial efforts. Happy daughters of Eve to have acquired your rightful heritage! The absolute right of power to persuade man to partake of the tree of knowledge! Specialized labor has been the means by which the mind has been partially liberated to wander in sphere

where it may bring other elements into the life, and stir up the weary toiler into something better—the building of the home. But I am again anticipating. In my gratification that there is a solution of the servant girl question, it is difficult to restrain myself from doing what I would warn my suffragist friends of—from proclaiming victory before success is reached, which to be real must be attained by the masses, and not by the few. Without leaving the sphere of food for mankind, we can see how differentiated the industry has become, from the cooking of roots and herbs in primitive style to the delicate edibles that are now necessary to a well-appointed table. This culinary industry is one in which women are largely employed, and the recipes for nourishing and delicious dishes are for the greater part, the product of woman's mind. Not exclusively, however. Oh no, men pervade this realm. As I before remarked, the simpler the industry the lower the grade of intelligence required. The less intelligence has developed, the fewer the wants that have been created, and the fewer the wants, the cheaper the laborer; so that it resolves itself back to the first premise, the cheaper the laborers the more likely they are to perform the same service. When they perform the same services, the woman will receive the lowest wages because her cost is less. I may here remark that if she desires to raise her wages to the level of man's, she must so increase her cost that she will be obliged to make an effectual demand. This she can only do by developing her own power to consume, and creating employments for herself, and which shall be equally necessary to the race.

I said that as teachers, woman had reached the apex of her industrial effort. It is not to be supposed that this implies that every woman must become teacher of the three R's. There is a wide field open to them in every quarter, from paring potatoes up, if you will, to the trades, professions, arts and sciences. To be a teacher, no matter of what division of labor, requires a high order of intelligence. Even in the paring of potatoes it is not only the ability to do the same skillfully that is necessary. The success of a teacher depends upon the power of imparting knowledge. This necessitates the study

of the human character, and the denser the minds to enlighten, the more this power will be found necessary. So let the many women who are unemployed waiting for an opportunity to teach the three R's, turn their attention to other departments of teaching, introducing along with industrial training, something pleasant and agreeable to think of, the one being done better by being done automatically, and the other making it agreeable to do it; and thus step by step, traversing two worlds at once, or at this point discerning the first step in the social world. Some have been keen enough to discern this fact and have established cooking schools, teaching cooking as a science. This in its entirety of course, reaches a different class. Of them we shall speak later. This school, however, is a new integration created by woman. It will soon differentiate and departments will be established to accommodate those whose intelligence cannot as yet grasp it as a science. Look where you will, you will find specialized labor among women as you will among men. In the laundry, which is a comparatively new industry, the washers do not iron, the ironers of shirts do not iron collars, and so on. In the dressmaking establishment, where the labor has become specialized as in the factory, the same system prevails. In these establishments women no longer make a whole dress, but the labor is so divided that one makes a skirt, another a waist, another a sleeve. The undergarment industry for both men and women, every class of garment, and every division of the garment is made by special laborers, and so on through every industry in which women are engaged. Thus we will find it in every employment created by women. This is not confined to what women alone consume, but you will see that all these employments are equally necessary to man, from the furnishing of food up, just as every industry conducted by man is necessary to woman—for man builds the house, and woman builds the home.

The error is here. Women fail to see that they are a necessary interdependent factor in the industrial world. When they recognize this fact much of the confusion will be obviated. Women will no longer desire to become practical carpenters and bricklayers.

The busy whirr of the factory is gradually gathering into its system the daughters of isolation, and by reason of this fact we are no longer able to find *efficient* servants willing to live an isolated existence with an ignorant disorderly mistress, and seldom with a scientific housekeeper who thinks she can evolve comfort from low-priced labor. This is why even the "green horn" is becoming scarce for like places. If she assumes the aggressive to the degree of impertinence, we should consider that all things in a state of transition are restive, and it is only human beings who can give expression to their unrest—Women! Even these poor daughters of the soil have newly awakened desires and thus give expression to the strength of their demands. This is an indication of progress which we should herald as glorious news, for this solves the servant girl question—and whatever solves that solves the woman question; for that is the beginning, and when the lowest have pushed on a pace, those at the other end must have advanced too—for woman is woman all along the line.

By the absorption of the housemaid into the factory system a new class has been forced into existence. The inexperienced housekeeper has closed her kitchen, and the family have been forced to take their meals in the public dining room, where skillful hands on specialized work have prepared the meal; by reason of which it is well served and cheaper. The family feels the benefit in many ways. By coming in contact with their neighbors they perceive and often consciously endeavor to correct their own faults, and the home is begun to be studied as a science. But the kitchen is closed and is mourned over by a set of ignoramuses who bemoan the extinction of the "New England Farmers' Wives" and their good dinners, not realizing that these New England women forever lamented were *not* farmers' wives as we understand farmers' wives; and why? They were transplants, pioneers in a new world, and circumstances forced them to do what they were not accustomed to, and because they were characterful, they did it cheerfully. The women born in the spheres from which "farmers" win their wives *never* cooked such dinners as these New England women.

These women have proved the truth of this statement by being the first to claim their rightful place at the head of the line of woman's progress, and their descendants inspired by their early efforts have ever since been encouraging women to forego the pleasure of becoming farmers' wives. Woman does not mourn the loss of those noble sisters, for by her keener vision she sees the wonder-working forces, steam and electricity, harnessed to the giant machine—the great materializer of human desires—which necessitated specialized labor—building a fitting monument to their memory—the elimination of drudging wives!

## The Socialist's Dream.

A REVERIE.

What a different world it would be if everybody could have everything they needed ! If we could abolish poverty, ignorance, superstition, selfishness and greed ! If instead of hungry men and women seeking for work to earn a little pittance to supply their wants, we could multiply good clothing, houses, pleasures, so much that none should want and none should suffer, a few should not be glutted with wealth while many toiled for bread, but all alike should be happily employed as much as is good for anybody, and each have so much as would serve his needs easily ! That would be indeed a life worth having, where generous impulses would be easily indulged, genius be free to realize its fertile conceptions, the common man and common woman at ease, each under his own vine and fig tree, and society at once refined, genial, intelligent and leisurely.

But how far are we from that now ! The few rich are sated with pleasures and luxury ; the laborious many are as drudges and slaves, acquainted with want from their cradles, and wolfish from the misery of always thwarted desire. I have been through the East End this morning, and seen such squalor, filth, poverty, such ragged children and such starved infants ! I have seen drunken loafers and heard scolding drabs, and looked into little rooms full of people where there was scarce breathing space for two. How coarse, stupid, foul everybody was ! And their work was incessant—washing, sewing, liquor selling, peddling, news-boy and bootblack and bawling hucksters and small traders of all sorts. How is one to get out of such materials the well-dressed and comfortable citizens of my ideal condition ? It looks very discouraging, for in the first place these people do not greatly care about the poverty that vexes me so much, and are only too contented where they are, and in the second place, where are all

the things to come from which they need? They need so many and so many kinds of things, and how is one to get them all made? It is true we might take all the things there are and pass them round, but that would only be a drop in the bucket. There would not be a shirt apiece extra, nor a room apiece, nor a hat apiece, nor a book or a newspaper apiece, nor a hod of coal, nor a bed, bureau, towel, nor a knife, saw and hammer apiece—in fact, everything would give out on the first distribution, and still the condition of the wretched would not be changed enough to pay for the trouble of doing it at all. The fact is, there is not enough of anything in the world to relieve its destitution. Mankind at large is as poor as a church mouse, and all our factories only produce enough for a fraction of our population.

Well! then we ought to set the factories going faster and keep them going longer, until we produce enough to go round. As it is, the factories lie idle some of the time, and so cut short the supply. We must make things spin faster. Yes! indeed! but if the machinery runs, somebody must tend it, and if it runs longer somebody must work harder; and then those hard-worked people will be exhausted and sick and miserable, or else there must be relays of people and night work, and that is objectionable and would lead to many evils. Heigh-ho, how troublesome everything is!

But here I have a ray of light. If everybody would do their proper share of the work, then nobody would have too much to do and my ideal condition would be approached. Is it not because some do the work and the rest shirk it and live on the others, that so many are overworked and wretched? Supposing all these ideal people who spend their days in feasting, visiting, pleasuring, riding in carriages, dressing in silks and velvets, listening to music and looking at pictures—supposing these were all to leave their luxuries and go to work, would not the trouble be alleviated? Isn't it the extravagance of some that makes the wretchedness of the many? Yes! that is just the trouble I am sure. Many hands make it light work and few hands make heavy work—the hands of labor are too few. If each would do his part no one would need to do too much. What we need then is to

abolish luxury and destroy extravagance, have the money all spent for the necessities of the poor and put an end to this shameful riot of some in all the comforts of the world, while others are starving on pittance of supply and festering in squalor. This is the real difficulty, to get his own for each, to give a fair share to everybody, to make all work and contribute to the general wealth. But to do that we must get hold of the government and pass laws compelling each man to work daily so many hours and no more. There shall be no lazy swells fattening on the toils of the people.

But wait a bit? How many hands would such a course add to those already at work? How many of these idle fellows are there all told who do absolutely nothing, and live without exertion. Here in New York indeed there are but few. All the rich men are engaged in looking after their railroads, steamships, telegraph companies, real estate and other interests. Somebody must attend to these things, and it takes up about all the time of these people to do that. Even if they all belonged to the government, somebody would have them to run, and that would be the work of those persons, and it would require just as many men to do it as these rich men are in numbers, so that after all labor would get no additional help for its enterprises in point of numbers. I do not see how more could be produced by government than is now produced by all hands told—for nearly everybody is busy at something as it is. And if truth be told the millionaires are busier at things than the tramps, and are far less in number. So that we'd better force the tramps to work first, as they are the idler of the two. Yet even the addition of the tramps would still leave the most of us poor, for they also are but a small fraction of us, and what they could add to our wealth wouldn't amount to a great deal more.

No! I don't see my way out on that side. Making workmen of our millionaire railroad men, bank presidents, and the like, would only take them from one kind of industry into another, and their places would have to be filled by as many others who would have to leave other places, and so we should gain nothing on the whole. That would only be taking money out of one



pocket and putting it into another, which never made anybody better off.

And then too, supposing we should stop all this spending for luxury; what a terrible lot of people it would throw out of labor at once! All the florists and caterers and coachmen and domestic servants, all the architects and theatre people and fine silk weavers and cut glass makers and silversmiths and diamond cutters, all the artists and many literary people, and makers of the best of everything—there's no end to it. And then what would these discharged people do? They would be out on the street looking for other employments and compelled to undertake things they had never learned to do—to turn tailors, shoemakers, bakers and butchers without experience in those trades. So many industries would be arrested that production would stop on all hands. Even if the government should confiscate all the income of these millionaires and put it into productive factories for increasing the number of shoes, hats, suits of clothing, plain houses and things for the million and pay wages to all the employees of luxury, there would be nothing gained; for the whole product would be no more than it is now, only it would be of different things, and of things, there isn't now, as anybody can see, enough to go round anyway. We must have more things somehow, not less luxuries—more luxuries till they are within the reach of all.

I don't want to see the rich poor; I want to see the poor rich, and it would do no good to destroy the luxuries we have. That isn't at all what I want. One might as well move out to live with the Indians at once, where nobody has anything to speak of, and that would be detestable.

But it seems to me I'm getting myself tied up in a pretty tangle. Here I started out to pity the poor and blame the rich, and before I know it I come to the conclusion that what I really want is to put an end to poverty and have everybody rich. That is what I really am seeking for, and the real question is not how I shall banish riches, but poverty. It is poverty I hate, not wealth. What is the use then of crusading against the little wealth there is? I must have lost my head somehow. The

truth is, the misery of the poor maddens me, and I am ready to do anything however absurd to remedy it even for a time. And so I want to smash things, though I see that smashing things would only lessen the production of wealth and leave us all poorer. But it would be a satisfaction for the moment, and I am childish enough to cry for a momentary gratification even at the cost of increased future poverty. Its a fool's way—but we are all fools at times.

But I must return to reason ; there's no way out through violence or folly. Men are poor by nature, and nothing but good sense and shrewd industries can enrich them. All the animals work for a living and get but a poor one ; men are in the same predicament. The only way to make all rich is to multiply the means of production. When enough is made for all there will be no use for it unless all get it. Our present scramble comes from the fact that there isn't enough to go round, and of course there's a fight for what there is. Nobody fights for air or water or anything there's enough of—and just so soon as we get machinery enough to make things for everybody and everything for anybody, the existing contention will cease. I really do not see how it can until then. And so I may as well stop setting the poor on the rich, and the laborer on the capitalist, and the man of muscle-work on the man of brain-work, in the hope of benefiting anybody by that sort of thing. It doesn't do it, and it won't do it, but increasing production will do it, and it is the only thing that will. So I'll preach that gospel after this.

Perhaps, after all, society is a bigger thing than any one man could manage in his brain though it were ever so good. There's the Emperor William of Germany : he thought he could do it and told everybody he could, but a pretty mess he's made of it. A fellow of good intentions and not a poor intelligence, but he is making a failure. So the Pope too thought he could do it, poor soul ! And he organized a great church and had everything his own way and did his level best, but he only made men poorer and foolisher. Maybe I might have the same fate if I were to re-arrange everything. Anyhow it is quite clear that we all want more things, more wealth for each, and the only way to get that

is to go work and make it. It won't make itself, that's flat; and if nobody makes it, it won't be made, and if it isn't made nobody can have it, whether he calls himself socialist, anarchist, or philanthropist—names are all one. It's things that are wanted, and so I'm going to hurrah for making things. And all the more that making things also makes the best men and there is no other way of making men except that. Were an infinite abundance of things to be poured upon mankind for nothing—it would make plenty indeed, but would degrade the race and instead of our present host of enterprising and capable persons we should have only South Sea Islanders—poor tribes of loafers and incapables. So that really I come back to much the same world we have already—where work brings salvation first by making the best men, and next by supplying the needed things.

## **Economics of the Southern Problem.\***

The Southern question, if not equal in prominence to the tariff and money questions, is quite as important, and close up to them in public appreciation and interest. The entrance of the Force bill into Congress has made it a public cry, and it is a question with the leaders of the Democratic party whether the tariff or the Force bill is the more important, of course, meaning in politics. Another important reason for its discussion, is that the South in our political world comes round every four years as what is called "the solid South." The fact that it belongs to one party or another is not important, but it is very dangerous for a group of States to stand as a chunk of lead in our civilization, to be counted upon, as a certainty, by one political party, no matter how wise or unwise its policy may be. Moreover, the Southern States represent the section of our country that is perhaps nearest the bottom of our civilization, and so long as that low civilization can prevail, it is impossible for the whole nation to take a stand on any question as high as it otherwise would. It is a considerable mill-stone round the neck of the Republic, and unless we can raise the social standard of the South, we cannot go along developing as rapidly as we would the social standard of the East and West, any more than if a great section of Chinese civilization were planted in our midst.

The question in dealing with this problem is, how to approach it. Ignorance, crime, immorality and all the low forms of social life are admitted by both sides to exist there, and the white people of the South insist that the negro cannot and shall not govern. The first thing therefore, is to determine the nature of the question. Is it a race problem, is it a political problem, is it an industrial or social problem, and whichever of these it is, how shall the problem be approached so that it may solve itself. I say solve itself, because I have no sort of faith in any great

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\* A lecture by Mr. Gunton at the Institute of the Social Economics.

social problems being solved, if they have got to be taken in hand by the paternalism of the government. I am willing that it should be protected and given opportunities for growth, but pushing by the government I object to. It is not wholesome, it is not progressive.

First, let us take the question before the war. The slave system existed; it was a fact; it was there. The life and character of the people were adjusted to it. The colored people were regarded as the absolute property and inferiors of the whites. Now after the war, the fifteenth and sixteenth amendments were passed, and the slaves were made the equal of every other citizen in the country. Then came the new problem; a new kind of war set in. I have no doubt that plenty can be said about the motive that gave the negro the vote—that it was unwise and they were unready for it; but they have had it for more than quarter of a century, and the question is, shall we adopt a policy by which they shall continue to exercise that right, or shall we adopt one by which they shall be disfranchised? A resolution has been proposed by the South, providing that the representation of the South be diminished in order to disfranchise the colored people, for the Southerners insist that, no matter what your political regulations may be, the colored people shall not rule the South. They say that if you insist that the colored people shall have their votes, we will insist that they shall not be counted.

What then should the North do? Should they send down soldiers and have at least the Congressional elections conducted under military power? Is that the way? Can you give the colored people political freedom by accompanying them with military power? No! There is no power on the earth which can give freedom to poverty. A poor forty or fifty cents a day laborer is not likely to get freedom, even if he has soldiers all around him, because his employer is always stronger than the soldier. Bread is always more effective than any other power in the community; and if you put in the hands of any class the power of giving a living to another class, you give them entire control of their political freedom. I insist that it is the history of society everywhere that freedom can never be permanently

given to poverty. Neither the Force bill or any other bill, could make it possible to count the votes of fifty or sixty cents a day laborers in any community in this country. The Northern people say,—Well, we don't prevent the negro from voting up here; why should the employer in the South do so? No, but if you want to judge that question fairly, you must put yourself in the other man's place. You cannot decide the negro question in New York and Boston, unless you can imagine New York or Boston having a preponderance of negroes.

I think you may say without any sort of misgivings that it is contrary to the nature of things for any community to permit, no matter what the laws may be, the supremacy of the inferior for a considerable length of time, certainly not the supremacy of the lowest. On the same principle that we want a tariff to protect the superior civilization of America, we draw around us in every grade of society some principle of Protection to prevent a civilization from being dominated by a very much inferior power. That is true all through life; the survival of the fittest can never proceed on any other principle. Now the Southern problem is unlike the tariff and the money problems, indeed all questions have something peculiar to themselves, but I wish to call your attention to the similarity of the principle which governs the Southern question, and that which runs through all forms of society, namely, that so far as administration is concerned, it should always be directed towards protecting the superior from the influences of the inferior. Imagine for a moment half a million white people put on an island with say three quarters of a million Indians, under a law that every man was exactly equal in all powers. Do you suppose for a moment that the Indians would dominate the spirit and government of that island, that their ideas, customs and religion would prevail? Not a bit of it. The white men would kill every Indian on the island first; they would invent all sorts of methods to preserve their plane of civilization, and the Indians would finally find themselves governed by the whites—simply because the whites had the superior quality of administration and government, and knew more of what was best for the welfare of all. And we have just the same sort of thing in dealing with the Southern question.

Some think that inter-marriage might assimilate and harmonize the people. But we find that inter-marriage increases only as you go downward, and that the whites and the colored race will not marry unless they are just about equally degraded. Therefore there is no hope of solving the problem in that direction, for I don't believe we can look for a remedy by going backwards. There certainly can be no hope in the military enforcement, for, as I have said, they would prevent it socially. How then can we deal with the South in this respect without taking away its freedom? Now we come at once to the problem of dealing with all classes of people. If you wish to govern any people, if you wish them to favor any political party or movement, the problem always resolves itself back to getting a living. People will always move forward along that line. Then you say it would be a very easy matter to solve the Southern problem, simply by the Northern people going South and living with them and giving them the advantage of their character. Yes, but who will go? Everyone says "you go, you go," just as Artemus Ward did when he sent his wife's relations to the war. The reason they do not go is because the better living is not there. There is no doubt, whatever, that if you could introduce into the South fifty per cent. more of Northern population, you would change the whole character of Southern civilization, because you would introduce there, not blood in the sense of inter-marriage, but blood in the sense of social centralization; blood that would begin to inspire the public man, that would dominate political elections and industries.

Then, how shall we get the Northern people into the South? Here we come to exactly that question of which I have spoken so much. It is a question of cities, it is a question of industries. I should therefore say that the way to solve the problem in the South is to deal with it on the industrial line, and regard it as an industrial problem. Therefore I say, introduce manufacturing industries into the South, first, because they are the socializing industries, and second, they would take a more or less concentrating and skilled population with them. Instead of trying to introduce militia, the better way would be to introduce

influences which would make the question solve itself. If we get Northern manufactories in the South ; if the cotton industry and iron manufactory should go largely to the South, where raw material is in great abundance, we should not send there simply a few capitalists, but a great body of intelligent people. As fast as that took place the present negro population would be relegated more and more to agriculture on the one side and manufacture on the other, so that they would be differentiated, they would come closer in contact in their daily life and occupation, they would be educated every hour by the superior executive capacity of those whom they were touching. The people with whom they now come in contact are a lazy, conceited, ignorant lot of workmen, and the aristocracy are an equally conceited and high-stepping lot, who think they have nothing in common with the negro population except to dominate and boss them. So that there is nothing there now to give the negro race anything like an incentive to effort for growth.

But if we get new industries into the South, first of all cities would grow up, streets would have to be laid out, houses built, and all the other industries which go with the building of cities would spring up, and that would give employment for just the kind of crude labor now there. They would have the socializing influence of the work. Even the strikes of the white people (they would probably be the first thing we should hear of), would be early industrial lessons in city life. The educational influences of the demand for higher wages, for better conditions, and the diversification of industries, would bring with them decision of character and manhood. And more than that, you would very soon have a preponderance of the white population, and the colored population would be so scattered as to have their suffrage without any danger to the community.

There is another feature that would come with this movement. The farms in the South are simply spots of starvation which hardly yield a decent living. The negro who cultivates a few watermelons can hardly get enough for them to pay for carrying them to the next market. Now if manufactories went South, they would bring with them the markets that would give



additional zest to the cultivation of the land immediately round about. So that not only would the laborers in the South get diversified employments, but the farms all around would become more prosperous, and it would pay them to supply their garden stuff to the better civilization. That too would take them into the town and bring them in touch with higher influences, which would make better manners, better clothes, and higher intelligence a necessity in order to do business successfully. So that on every side the lash, if you will, the lash of civilization would be whipping up the Southern laggards and forcing them to become better men and better citizens.

The cotton owners of the North say they cannot compete with the South, and if manufactories go to the South she will be their enemy. Now that is exactly what we want. Turn the capital of the North into some other industry which its civilization demands. If you array yourself against the migration of cotton manufacturing, you are antagonizing the inevitable trend of civilization and are sure to be swept into a tide of bankruptcy. Let the capitalists go South with their industries if they can do nothing better. If it was once understood that that was the general trend, that the field of the cotton manufacturers was in the South; if instead of making that an objection we looked upon it as an evidence of growth and prosperity, as carrying civilization to the darkest spot in our country; the press and public opinion would encourage the capitalist to go there with his capital, as rather antecedent to the natural drift of civilization.

The Southern problem, therefore, is not essentially a race problem or a political problem, it is an industrial problem. It is simply the labor question, the question that is at the bottom of every social issue. We complain that New York city is ruled by Tammany. But that is because Tammany touches hands with such a large number of poor voters, it is because Tammany depends upon the ignorant masses that it is a danger to our civilization. The whole trouble about the negroes is that they are too poor. Their poverty unfits them for the discharge of the

duties of a citizen in a Democratic Republic, and it is because they are so poor that they are so cheap.

Therefore, instead of supporting the proposition to cut down their representation and so have to work over again the enfranchisement of the negro, we should maintain all the freedom we have given them. But we should say to the Southern people,—If you want to save the South from the dominance of poverty-stricken negroes, turn your attentions towards promoting their advancement and not toward repressing their freedom. If you neglect the poor, you must pay the penalty of their poverty, and you shall not be permitted to escape the consequences, by simply disenfranchising them. The whole country is willing to join you in promoting advancement at the South, but only on condition that you look for the solution of the race problem in the industrial and social development of the Southern people as a whole. And industrial development at the South can only take place through the growth of manufacturing industries, which are sure to do for the South what they have already done for the North, and for civilization everywhere.

## The Immigration Problem.

No less than seven bills concerning immigration, without reckoning Chinese restriction and exclusion bills, were introduced in Congress before the first week of January was ended. Three of the seven are Senate bills, and of these two were introduced by Mr. Chandler, (S. and S. 1127), and one by one Mr. Pepper, (S. 357), Mr. Chandler's two bills, however, may be treated as one, and, in fact when taken together closely resemble the single bill, S. & R. 575, introduced in the House by Mr. Lodge.

Again House bill, H. R. 12, brought in by Mr. Oates corresponds with Mr. Pepper's Senate bill. Both provide for amendment of the naturalization laws as well as for regulation of immigration. The two remaining bills of the four introduced in the House are that of Mr. Geary, (H. R. 32), and that of Mr. William A. Stone, (H. R. 401).

Mr. Chandler's first bill provides for "consular certificates in the country of departure for aliens emigrating to the United States," and, as the consular certificate is the chief feature of Mr. Pepper's bill and of all four of the House bills, this device deserves first and special attention.

The "consular certificate" is a formal document to be issued by a consul, or other diplomatic representative giving a description of the holder, and setting forth more or less amply that he is morally, mentally, physically and legally qualified to enter the United States and to dwell therein. The bills make it the duty of consuls to satisfy themselves by more or less evidence of one sort or another whether the persons applying to them for certificates possess the requisite qualities of character, mind, body and estate, and to refuse certificates to those who lack them. They also provide for punishing fraud on the part of consuls, or immigrants, or both, but, strange to say, two of them, H. R. 32 and H. R. 401, permit consuls to receive and retain fees for the services.

This brief description of the consular certificate sufficiently indicates its general scope and character, but Mr. Pepper would

give it singular force and virtue. The second section of his bill contains the following provision: "In addition to the foregoing requirements, if the applicant intends becoming a citizen of the United States he shall so declare in his oath, and the consul's certificate shall have the same force and effect as the like proceeding before court officers under our naturalization laws. The certificate shall operate as 'first paper,' and citizenship may be completed at the end of five years' residence as heretofore."

Mr. Oates' proposed amendment to the naturalization laws is of a very different kind. It does away with the "declaration of intention" and provides that "no alien who has ever been convicted of a felony or other infamous crime or misdemeanor involving moral turpitude, or who is an anarchist or polygamist, or who immigrated to the United States in violation of any of the laws thereof, or who cannot speak the English language and read the Constitution of the United States in English, shall be naturalized, or adjudged by any court to be a citizen of the United States or of any State." The alien's evidence concerning himself must be corroborated by other testimony, "but the corroboration shall not be required to extend to any period of time or acts and facts anterior to the residence" in the United States.

In this connection it should be noted, that Mr. Lodge's bill while not dealing directly with the naturalization laws, provides that "hereafter no State court or court of the United States shall admit to citizenship any person, who by the provisions of this act, is not permitted to come to or land in the United States, or who does not hold the certificate of a consul or diplomatic representative, duly indorsed by the proper officers at the port of entry as herein provided, or a certified copy thereof; and all laws in conflict with this act are hereby repealed."

Mr. Chandler's second bill, S. 1127, is entitled "A bill to enlarge the shiproom and increase the comfort of immigrants." It is carefully and elaborately drawn, and the brief clauses to the same end in the bills of Messrs. Oates and Lodge seem meager by comparison. These clauses are made absolutely identical by omitting from one of them a single proposition and read as follows: "No vessel which brings passengers to any of the ports

of the United States from any foreign port shall transport at one voyage more than (in) the proportion of one passenger to every five registered tons of such vessel, not including children under the age of one year in the computation, and computing two children over one year and under eight years of age as one passenger."

Lastly, to include this summary of the seven bills, Mr. Peffer's bill and all the House bills provide for the return of immigrants in certain cases, while three of them, H. R. 12, H. R. 32 and H. R. 575, impose a tax or duty of five dollars upon every immigrant to be paid by the carrier bringing him to the United States.

With these officially expressed views of Members of Congress concerning immigration may be compared to those of the Secretary of the Treasury, who last June sent a commission to Europe to investigate the matter there. On the twenty-fourth of February, he transmitted the report of the commission to the House of Representatives with a letter recommending :

1. Great increase of cubic air space on shipboard for each immigrant passenger.

2. A special license tax upon the several steamships equal to one dollar for each alien immigrant brought by them.

3. Requirement of a bond in a sum of not less than fifty thousand dollars to be given by the owners or agents of each vessel engaged in bringing immigrant passengers, binding themselves to return to the countries whence they came, all alien immigrants brought by such vessels and found within two years from date of their landing to have been landed contrary to the laws of the United States.

4. Some system of preliminary inspection of intending immigrants at foreign ports before embarkation.

Evidently these recommendations of the Secretary of the Treasury do not differ essentially from the provisions of the bills introduced in Congress, except so far as the bond requirement is concerned. We may therefore somewhat confidently expect Congress in the course of the present session to pass a bill embodying the plan of consular certificates; securing to immigrant

passengers more cubic space of air on shipboard and increasing the tax upon them (now only fifty cents per head); and providing for the return of immigrants in certain cases, even long after their arrival, at the carrier's expense.

But a bill is one thing and a strong, effective bill is another. It is safe to say that the bill restricting immigration will be neither strong nor effective. The congressmen's fear of the foreign vote and the influence of the lobby exerted in behalf of steamship companies and railway companies will combine to prevent any great increase in the tax, or "head-money." General Francis A. Walker suggests that this tax be made one hundred dollars, and certainly to increase it only to one dollar, or five dollars would not materially diminish the volume of immigration. Again, the steamship companies will do their utmost to prevent any great increase in the allowance of air space to steerage passengers, so that it is possible, if not probable, that the bill will not seriously diminish their carrying capacity.

Whatever force the bill may possess then, is likely to reside chiefly in the consular certificate. But it would be rash to place any great reliance on this device. We all know how our diplomatic and consular service is appointed, and that few of its members have any special fitness for their duties, while some of them are unfit persons to represent the United States in any capacity. Moreover we can guess how difficult it would be for an officer of the United States, however faithful, and however well-versed in the language of the country of his official residence, to acquire trustworthy information concerning would-be emigrants. Putting this knowledge and this guess together, we may conclude that the consular certificate will be of doubtful value in all cases, and of no value at all in many cases, unless our diplomatic and consular service is severely and thoroughly purged and reorganized.

It is a singular fact that amid all the clamor for restriction of immigration, scarcely a voice has been raised to propose withdrawing the direct inducements to immigrate offered by individual States and by the United States. It must be that people do not realize the number and magnitude of these inducements, and, if this view of the case is the correct one, it becomes a duty to enlighten them.

Fourteen States by their constitutions and one State by its declaration of rights explicitly give the right of suffrage to aliens who have legally declared their intention to become naturalized. The length of residence required to enable the declarer to vote is in eight of these States, one year; in five, six months; in one, four months and in one, three months. It follows that, in fifteen States an alien after a short residence may vote not only at all State elections proper, but at presidential elections, because the presidential electors are State officers, and at elections for members of the United States House of Representatives, because the constitution of the United States provides with regard to their election that "the electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State Legislature."

In twelve of the fifteen States that give the right of suffrage to aliens, only native or naturalized citizens of the United States can hold the most important State officers such as those of Governor, Lieutenant-Governor, Judge of a Court of Record, and Member of the Legislature; but in the other three non-naturalized voters are eligible for every office in the State.

So much for the political rights of aliens; now let those of naturalized citizens be briefly reviewed. The Constitution and laws of the United States place naturalized citizens on a political equality with native citizens, except, that the Constitution debars them from the office of President and requires a residence of several years after naturalization in the case of United States Senators and Representatives. The constitutions and laws of all the States are no less liberal.

In the matter of civil rights too, the United States, and most of the States are much more generous to aliens than other countries, and in particular the United States pre-emption laws give an alien the right to pre-empt land upon bare "declaration of intention" to become a citizen of the United States.

It is folly to pass laws restricting immigration while continuing to make such bids for immigrants. The United States should permit only native citizens to pre-empt lands, and should render naturalized citizens ineligible for the offices of United States

Senator, Representative, Judge, or Minister. Then the naturalization laws themselves ought to be very much changed. The changes proposed in Mr. Oates's bill are well enough so far as they go, but they do not go far enough. The term of residence required for naturalization should be increased to ten, fifteen or even twenty years, and naturalization papers should issue from United States courts only. Obviously to adopt Mr. Peffer's plan and give to consular certificates the efficacy of "first paper" would be to make naturalization even more easy than it now is.

As for the States they should not give any political rights whatever to persons who are neither native nor naturalized citizens of the United States, and they should render naturalized citizens ineligible for the offices of Governor, Lieutenant-Governor, Judge of a Court of Record, or Member of the Legislature.

In fine, and in brief, the immigration problem can only be solved by giving immigrants less privileges than they enjoy elsewhere, while making immigration to the United States more difficult than immigration to other countries.

SAMUEL EPES TURNER.

Mr. Turner seems to us to grasp but imperfectly the guiding principle of American citizenship in his advice concerning the limitations proper to govern it. What we need always to remember is, that we are, and mean to be above all things a Democracy, that any measure tending to impair our Democratic character and quality tends just so far to impair the proper character of our state and nation. We should be true to that and keep integrity sound on that, whatever else befall, if we would be safe and strong. Therefore, should we object to entertaining in our borders a large mass of foreign-born persons who are but imperfectly associated by exclusion from part of the political rights of the rest of our people. Then they remain an inert and uninterested mass, not fully partaking of our national life, and being only encysted, as it were, like a tumor in the body politic. Now in a Democracy this isolation becomes at once a source of discontent and danger. It is a state out of which the socialist, anarchist, conspirator easily springs, and worse than



that, has a positive reason for springing, namely, a grievance which he can make something of, however well or ill founded. A Democracy is safe only as long as all its people are treated with one measure and all vitalized in the body politic. And the wisdom of our equality and liberality in this respect is fully justified in the fact that so far the immense immigration of foreigners of many nations has disappeared in the all dissolving bosom of Americanism among us like snowflakes in a river. Immigrants shed their old affinities as does a crab its shell, and expand under the influence of our generous laws into a larger and more capable humanity. The dangers we feared are found to be fantastic and spectral. They do not arise to plague us.

And, this fundamental principle held fast, we at once are driven to seize the right principle respecting immigrants (as we elsewhere say), which is to see to it that bad persons are shut out. Anybody who isn't fit to become a citizen with all a citizen's rights, isn't fit to come here at all. We don't want him, and he should be debarred because he is bad. Draw the lines of entrance tight and taut, but once in, let the foreigner become our citizen and work out his fortunes with the rest of us as best he can. Herein is good citizenship and Democracy.  
—[Ed.]

## The Municipal League of Philadelphia.

In recent times purely administrative problems are receiving more and more attention from the student of politics. The earnest investigator finds in them a fruitful field for scientific research. The recognized leaders of thought are coming to appreciate the need of a re-adaptation of our ideas and methods to suit the new conditions of our political life. If we are to meet successfully, the difficulties of good government, the current of public opinion must be directed into new channels. In the past, efforts at reform have been limited and spasmodic, however frequently recurring. The purpose of the reformers has been, in the main, to put a few good men in some of the offices, forgetful alike of the character of the office and the administrative methods necessarily followed. Such men have remained in office but a short time. No permanent political machinery was created. There has been lacking a fundamental *political* principle capable of wide application. Emphasis has been placed largely on moral considerations.

The control of party machinery and the administration of government is a purely political problem. Nor is this problem by any means a simple one—particularly in our large cities. There the inhabitants must necessarily act together more frequently and over a wider field than is required of those living in small towns, or in rural districts. In a word, they require more government. Political liberty is secured, private property guarded, constitutional rights guaranteed, with greater difficulty. In addition to these ordinarily recognized duties of government, the city has other important and difficult duties to perform. Either directly, or through semi-public corporations, the municipality must provide good water, abundant light, means of rapid transit, together with sanitary and police regulations which shall secure health and safety to the densely crowded masses of our large cities. "Scientific knowledge, skilled labor, systematic organization, are all necessary for the conduct of the various

municipal departments." To secure these is the problem of city government. Many are the attempts, public and private, organized and isolated, which are being made, looking to its solution.

There was recently formed in the city of Philadelphia an organization in which every social economist should take a direct personal interest. The movement is somewhat novel in its character. Its object is to seek the fundamental principle referred to, and to provide the necessary machinery for permanently securing honest, intelligent, *public* servants.

In the first place it is distinctly municipal. The first plank in its platform is *the absolute separation of municipal politics from national and state politics*. There is a growing sentiment "that the administration of the affairs of our city is simply a business problem, in no way properly connected with or dependent upon the questions and principles which distinguish and underlie the national parties." It is the purpose of the League to crystalize this public sentiment, and to make it effective in securing better streets, better water, better gas or electric lights, improved schools, means of rapid transit with equal facilities for all, a proper system of drainage, and other public necessities. In a sense, consequently, the League is non-partisan; it is simply the party of good government, the one which insures simple administration and the adoption of enlightened methods and sound business principles. The most extreme partisans in national politics, be they Republicans, Democrats, or what not, can and do unite in promoting this enterprise. Its distinctive feature and its fundamental principle is the drawing of a sharp line between municipal politics and those which relate to the estate and to the nation. Its members believe that there exist radical differences between these principles and policies and that better results can be obtained for both by separate organization.

In the report of the commission of 1876, "appointed to devise a plan for government of cities in the State of New York," three causes were assigned for the prevailing evils: 1st, Incompetent and unfaithful governing boards and officers; 2nd, The introduction of the State and national politics into municipal affairs; 3rd, The assumption by the Legislature of the direct

control of local affairs. The League believes that the second of these is the most prominent difficulty in the way of good municipal government; that by removing it, the obstacles which the others present will be easily overcome.

In the second place, the League proposes to pursue at first *only an educational policy*—to conduct an educational campaign. It hopes to demonstrate to the public the advantages to be derived by the absolute separation of national and State politics from municipal politics. This it will undertake by means of the publication of a series of tracts on municipal affairs, and by brief talks by its members at the meetings of associations and organizations. The American Academy of Political and Social Science devoted the first scientific meeting of the year to the subjects connected with municipal government. Papers were read by members of the League, from which quotation has been made in this article, and these were earnestly discussed by a number of the gentlemen present.

The first practical rule adopted by the League is that it will not endorse the candidate of any political party. Were the nominee of either the Republican or Democratic caucus the complete embodiment of the principles of the League, and his opponent directly the reverse, so that it was reasonably certain that all the members of the Association would vote that particular ticket, still the rule of the League is that no official action shall be taken, neither in its central, nor in its ward Associations. It is only when its first and educational work is performed, that it will progress to a permanent party organization and nominate its own candidates. Its members recognize that parties are essential to good government. As Professor Morse has shown in the November number of the "Annals" of the American Academy of Political and Social Science, PARTY is a distinctive part and performs an important function in the organization of the State—"it educates and organizes public opinion and it administers the government." But the formation of new parties is both expensive and difficult. Only as a powerful public opinion is directed into new channels, can a party be organized which will supplant old parties by reason of its greater efficiency.

The lesson of earlier attempts at reform in municipal government would teach us the need of party organization; but there can be but two parties and the new political machinery will be necessary only when the public are convinced that municipal, must be separated from national politics—that *municipal* parties are essential to a good government in the municipality. Few will deny that the use of national party machinery at present secures only indifferent and often decidedly pernicious results. Will a purely municipal party do more? The question of the success of the League evidently lies in the availability—the political efficiency, so to speak—of its fundamental idea. Should this become the public opinion of a goodly body of our citizens, Philadelphia would have supplied a political model for the country. The chief difficulty to be overcome is the apathy of the average citizen regarding local affairs. Developing an interest in these and securing separate attention for, and political action concerning municipal affairs, is the first, and, perhaps the most difficult task before the Association. The results of its efforts should be carefully watched by all those interested in good government.

ARTHUR BURNHAM WOODFORD.

Many people are clamoring for a separation of municipal politics from national and State politics as a sure method of reforming municipal administrations. The great political organizations with their trained and effective machinery have possession of the field, and the rank and file of their voters will no more forsake them in municipal affairs than in other affairs. The effort to separate them by talk and exhortation will be as unavailing as one would be to prevent frosts by calling for a South wind. So is the cry for reform by electing a purer personel to the offices, in spite of the fact that Mayor Hewitt is visibly seen to be able to do no better in city administration than Mayor Grant or his predecessors. Doubtless, *if* people would do better all round things would mend; *if* all would turn saints, sinners would become scarce. But they just will not—and it is mere nervous waste to declaim about things on such suppositions.

Municipal affairs can be better conducted only from the operation of two causes. One is secular and slow, namely, the elevation of the people through the uplifting of increased wealth and multi-

plied wants, which will lead them to require better things of their officers. When required the things will come.

The second cause, more rapid in its action because more direct, is the invention of better administrative machinery, such as for instance that of the City Improvement Society, which provides means for every citizen to make his demand that his own street and ward shall be better taken care of than it is, and every breach of city ordinances noticed and blamed. Its motto "Enforce the Laws" is one kind of fly wheel of progress, and its intention to make every citizen a co-partner in administration furnishes a machinery competent to effect a change. Let such an agency be well supported, and it will make no difference who is in office. He will be required to enforce the laws, and the laws are already good enough to give any city all it desires.

Dr. Parkhurst's well intentioned crusade (in which he deserts the gospel for the law) has this practical merit; that it calls for the enforcement of the laws. But he falls into the usual error of thinking that a change in the personnel of city government would reach to the bottom of the evils he complains of. Whereas what he needs is a new mechanic, device, or organization, which shall make it easy for citizens themselves to enforce the laws, not so much through the slow and time-consuming methods of the courts, as through a perpetual insistency of the private citizen directed to the headquarters of government. Only, the difficulty of moral reforms through machinery is far greater than that of material reforms, since morality requires for its improvement the uplifting of the whole community, as we said, through the increase of wealth and its consequent demands. As things are, Dr. Parkhurst fails to see that his main obstacle arises from the fact that too many people would secretly oppose the reforms he wishes, simply because they do not want them, which makes his cause desperate. But municipal government can always be improved by new devices like the health board, the cruelty to children's society, and other things that bring the citizen into active co-operation with the powers that be, whoever such powers may happen to be, while all efforts to separate municipal and State politics, or to get citizens to primary meetings, or elect saints to rule sinners, will be but blowing in the teeth of the wind.—ED.

## Industrial Notes.

THREE hundred union paper-hangers of St. Louis struck for pay for work by the piece.

STRIKES among the workmen on the World's Fair Building in Chicago are of daily occurrence.

THE strike of the 800 employees of Selz, Schwab & Co., Chicago, was inaugurated for the purpose of securing higher wages.

THREE hundred employees in the steel department of Wheeler's shipyard struck because one of their number was discharged.

IN the 10,112 factories visited last year there were employed 422,070 persons of which 17,497 were children between 14 and 16 years of age.

DURING 11 months in 1891, we exported to China 76,000,000 yards of cotton cloth. In the corresponding period in 1890 China took only 27,000,000.

THE past year was an exceptional one in the India-rubber industries of the United States. The increase in 1891 over the average value of imports of five years is \$4,056,972.00.

IN consequence of the strike of about 400,000 miners in Great Britain, 200,000 men in other industries were thrown out of employment. Such is the interdependence of modern industry.

A BILL to exclude political influence in the employment of laborers under the authority of the United States has been agreed upon by the House Committee on Reform in the Civil Service.

THE Presidential election of 1892 will be held throughout a domain under the sole sovereignty of citizenship larger than at any previous election recorded in history. Long live the Republic!

ONE of the characteristics of civilization is its demand for artistic productions. It is found everywhere and in every thing. Modern inclination is to get away from the rough and rude conditions of previous days.

OBJECTS of the Brooklyn Ethical Association are the scientific study of ethics, politics, economics, sociology, religion and philosophy, and also of physics and biology as related thereto.

THE movement of the Durham miners (90,000) March 10th, was not only a part of a general plan to stop work, but also included a strike against a 10 per cent. reduction of wages.

THE Labor Organizations in Paris have adopted resolutions threatening to boycott employers who refuse to treat their animals humanely. Another evidence of the good influence of Labor Organizations.

A JOINT committee of the recent Industrial Conference at St. Louis and the People's, met in St. Louis and called a National Convention, to meet in Omaha, Neb., July 4th, to nominate candidates for president and vice-president.

A SUCCESSFUL cotton merchant of Georgia advises his co-workers to "raise everything for man and beast at home," to live within their income and "abandon the credit system" and all will go well. He prefers parsimony to profits.

SAMUEL GOMPERS, President of the American Federation of Labor, has issued a circular to the central organization in the State, calling attention to a bill introduced in the Legislature repealing certain portions of the Saturday half-holiday law.

COL. HILL, President of the Associated Chambers of Commerce, London, thinks the political and commercial complications in South America and the McKinley bill in the United States are responsible for the \$4,750,000 decrease in exports and imports during the last year.

It is reported that the Central Committee of the Socialistic Labor party has sent out invitations for a conference to arrange for an eight hour demonstration on May 1st. As the demonstrations all over Europe and here will take place on Sunday they are expected to be very large.

THE leading members of the Silk Workers Union, according to the "Guardian," say that serious strikes at the mills in Paterson will never again occur during the present generation, both the employers and the employed having learned the folly of going to war when there is another way to maintain peace.

PRESIDENT HARRISON issued a proclamation March 15th declaring the higher rate of duties under the reciprocity clause of the tariff act in force in products for Columbia, Hayti and Venezuela, and the same day President Carnot signed the Commercial Convention between France and the United States.



THE Mason Builders' Association and the Stone Masons' Union have agreed for 1892 that nine hours shall constitute a day's work for five days in a week, and eight hours on Saturday; that 42 cents shall be the rate of wages for regular work and 62 cents for all overtime.

ABANDONED farms in the Western part of Kansas are being purchased "for a song" by settlers in the Eastern part of Missouri who take with them the means the lack of which proved the ruin of their predecessors. It has been proven that those who are skilled in agriculture, are patient and frugal, and possessed of a little means, can prosper and grow rich in that great American desert.

MEN of science and practical farmers are deeply interested in the new industry in Nebraska of making sugar from beets. There is no reason why this country should not manufacture all her own sugar and keep at home the \$130,000,000 that is annually expended for the imported article. America has the capital, land and climate to make her the greatest sugar producing country in the world.

THE law requiring seats to be supplied for the use of women is obeyed in manufacturing establishments while it is openly and notoriously violated in nearly every retail store in the State. This report gives in details all the alterations required to be made in each factory or workshop. Those interested in better sanitary conditions in cities, and in the employment of women and children, and improving the conditions under which they toil, will find valuable information in the report.

GENERAL WALKER suggests, as one way of improving the class of immigration to this country, that the Government should impose a tax of \$100 on each immigrant. This strikes the hearts of the London shipowners and immigrant agents with dismay. It is thought the first result of the changed order of things will be to drive into England all the streams of helpless pauperism now centered upon the United States and the British shores. The feeling in England grows stronger every day in favor of placing restriction upon the incoming of undesirable immigrants. Congress has no more important or imperative duty to discharge than that of wisely and justly regulating immigration.

THE oldest match industry is in Sweden. In twenty-five years the export trade of Sweden in modern matches increased to 1,000,000,000 boxes a year. There are in Europe about 5,000 factories and they yearly produce matches valued at \$10,000,000.

THE protective tariff system seeks to find the working classes in this country constant employment at good wages in preference to the workers of other countries, and this it has in a very great measure accomplished. For, in no other country on the globe are wage earners as a rule rewarded for their labor as well as workers in this country, especially where mechanical skill is required.

THE pants-makers say that their wages vary from \$4 to \$8 a week and that their hours of labor from thirteen to sixteen a day. The work is first given by manufacturers to contractors, who in turn give it out to the workmen who will do it cheapest. 500 members struck against contractors furnishing work to any operators unless they were skilled and members of the pants-makers' Union No. 1. These men also insist on a reduction of hours and an advance of 15 per cent. in wages.

THE recommendations made in the sixth annual report of the factory inspectors' for bettering the condition of women and children include the following:

That children under the age of 14 years be prohibited from employment in mercantile houses, telegraph and messenger service.

That the hours of labor of women under 21 years and youths under 18 years of age employed in mercantile houses be restricted to sixty per week.

That the women deputy factory inspectors be authorized to enforce the law requiring seats for the use of females employed in mercantile houses.

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#### WOMEN'S INDUSTRIES.

A WOMAN in Oregon has worked twenty years at stone cutting.

THERE are 4,500 women in England who make a living by typesetting.

THE experiment of matrons at police stations in Baltimore has proved successful.

THE number of post-mistresses in the United States in the beginning of this year was 6,335.

Two police matrons are to be appointed for Brooklyn. They will receive a salary of \$800 a year.

THE municipal authorities of St. Petersburg have voted a yearly grant of \$7,500 to be used in promoting the medical education of women in that city.

THE University of St. Andrews, the oldest in Scotland, has decided to open to women the University's departments of theology, arts and sciences.

WASHINGTON, D. C., has a woman real estate dealer, Miss Grace Thomas, who is said to be very successful in that business. She also rents houses and collects rents.

CLARA RAFALL's letters representing the modern woman's longing for development, and a desire for freedom, were the beginning of the agitation of the Woman Question in Norway.

THE New York Association of Working Girls' Clubs has twenty different societies with a membership of 2,500. Seven societies rent an entire house, twelve rent rooms and one owns its house.

MRS. CHARLES D. HAINES, of Kinderhook, N. Y., is the executive head of the Hamilton & Kingston Railroad, and Mrs. Hattie M. Kimball is president of the Pennsboro & Harrisville Railroad Company.

AT Wilmington, Del., Miss Mabel Dunlap, a graduate of the Philadelphia School of Design, with five other women has been commissioned to decorate the interiors of palace Cars. This is a new field of labor opened for women designers.

OBERLIN COLLEGE is the recipient of \$40,000 from the estate of Miss Julia Dickenson of Michigan. One half of the fund is to be distributed for the endowment of the chair of a lady principal, and the remainder for the department of physical culture for women.

ON March 10th the National Chamber of Deputies adopted a proposal giving to women the right to vote in elections for members of Councils of Prud'homme (trades-councils) but rejected a motion making women eligible as members of these councils.

THE Traveller's Aid Society extends protection to girls of all nationalities who leave their homes in search of employment or otherwise. Nearly all the societies for the care of girls, whatever may be their denomination, are represented on the society's committee.

WOMANKIND has lost one of its most respected and truest friends in the death of Miss Clough, the Principal of Newnham College, Cambridge. No woman has ever done so much for the higher education of her sex, as the picturesque white-haired lady. One of her pupils was Mrs. Humphrey Ward, author of *Robert Elsmere* and *David Grieve*.

MRS. BURNETT, the author of "*Little Lord Fauntleroy*," has just returned from Europe. On the eve of her departure from London she presented to the Drury Lane Boy's Club a reading room and library as a memorial to her son, the original *Little Lord Fauntleroy*. The club is composed of very poor boys and is situated in the most miserable part of London.

IN the college career, English women are showing a marked superiority over American women by taking prizes and attaining marked intellectual distinction. It is claimed that their scholastic advantages are no greater than those furnished here, but the women have much better physique, more normal nervous systems, and consequently greater power of endurance.

THE widening of the field of woman's work has the effect of increasing their interest in questions of education, employment and of making for themselves a place in the world. This is shown by a comparison of the latest index of the British Museum with the one made five years before. Works on the social position of women increased from 54 to 72; on the education of women from 18 to 25; on employments of women from 19 to 27. Dress reform, on the contrary, decreased from 17 to 4, and works on dress, needlework, etc., from 78 to 64.

ONE of the most important movements as yet made in this country for the highest education of women is, that the graduate courses in Yale College, with the degree of Doctor of Philosophy, will be open without distinction of sex after the next academical year. In this new advance Yale is not making any hazardous experiments. She is simply following the line of development pursued in the great English universities with satisfactory results.

## Editorial Crucible.

Correspondence on all economic and political topics is invited, but all communications whether conveying facts expressing opinions or asking questions, either for private use or for publication, must bear the writer's full name and address. And when answers are desired other than through the magazine, or manuscripts returned, communications must be accompanied by requisite return postage.

The editors are responsible only for the opinions expressed in unsigned articles. While offering the freest opportunity for intelligent discussion and cordially inviting expressions of well digested opinions, however new or novel, they reserve to themselves the right to criticise freely all views presented in signed articles whether invited or not.

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WE HAVE PUBLISHED the opinions of several leading statesmen on the Silver question in this number, and added an article giving our own views on the subject. We commend the matter to our readers since the subject is one not to be surpassed for importance.

MADAME ADAM, writing on the new manner of French girls, shows a natural regret at the rapid adoption of American liberty and manners for them as tending towards many new and undesirable characteristics. She is not unwise enough to set her face against the movement, seeing that it is inevitable, but like a bird brought up in a cage, she fears to fly abroad into the open. She might be reassured seeing that the great multitude of American girls get along quite well without French restrictions, and show themselves superior to such a degree as by their mere presence in small numbers in France to have made the French covetous of their superiorities. Hence arises the movement which is destined to alter profoundly the whole French social structure and to carry off much of its artifice, frivolity and narrow-mindedness. Any change towards nature is always disturbing to an aristocratic society, and especially to its women who are the native home of conservatism. They are the last retreat of losing causes, exploded principles, mythical beliefs, and compassionate and unprofitable ventures. But they too are changing and the result is beginning to appear.

The truth is, we have developed a new type of girl as distinctly superior to any former production as any modern race-horse is to the hack of earlier times. Our girl is self-reliant and self-protecting, able to mould her own career, and to guard her person and dignity, and being quite free from any mental sensuality, she goes into the world at all times and hours, makes excursions round the earth, penetrates the depths of Africa, and generally demeans herself like a reasonable creature competent to many other things besides being the pet and plaything of man, and the mother of his children. She is now adding to the productive forces of society and increasing the general wealth. She adds to art, science and literature, and invents new industries; she adds to the rude masculine world already existing a new feminine world full of luxury, comfort, refinement and pleasure, as much better than the mere male world of force, energy and accomplishment, as life in the city is better than life in the country, and as mixed society is better than a club. We are all beneficiaries of the new state of things—the new feminine creations, and have reason to urge on the further development of the feminine world by every means in our power because of the comfort and pleasure it is sure to add to all of us.

The cloistered French girl will give way to a breezy human creature fond of out of doors and ready for the business and pleasure of the life, and ready to join in the movement of society with a quick brain and distinctly modifying impulses. France will gain by the loss of a doll-like training and a child-like product, and the substitution for that of a reasonable and reasoning being.

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CONGRESSMAN HARTER, speaking on the tariff, comes out in favor of direct as opposed to indirect taxation. This is a favorite position of Free-Traders and of many others, proceeding on the idea that it is better to have taxes felt acutely, so that taxation, which is regarded as a necessary evil, shall be kept at the lowest possible rate. Perhaps Mr. Harter has never seen that taxes, well-spent, are among the best spent moneys of the community, and that a low tax rate is a mark of low civilization, mal-administration and general inefficiency. Direct taxes are

of course the most vexatious of all taxes and the most naturally resisted, as one can see by the way in which personal taxes are evaded. No one who had the public advance in his mind rather than the tax rate, would be willing to impoverish the first in order to abate the second. For, after all, the public advance is the main consideration and redounds most to welfare. If it is expensive, that is no drawback, for wealth serves the community in no way except in use, and no use is more profitable than good public use. The Democratic theory of taxes reduced to their lowest terms puts the means of life before the ends of life—Economy before Economics, as the *New York Sun* says, and parsimony before profit. The difference between the Republican theory of spending what the public service requires and the Democratic theory of spending as little as possible, is in fact typified in the difference between Washington as it was before the war—a squalid country city of no beauty or impressiveness, and the present Washington full of palaces and fine public buildings, and the center of a great and interesting society. Direct taxes are also objectionable as falling on fewer persons than indirect. The latter are spread abroad widely over the community, and so equalized to the general wealth of society. And anyway where would Mr. Harter put his taxation to make it direct?

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THE OUTBREAK of anarchists and dynamiters in Paris is one of those retrograde movements to which society is exposed when it leaves its lower classes unenlightened as to the true method of advance for all people. These persons do not of course realize that the greater the poverty of the general community, the less would be their own personal share of the goods there were going. They do not realize in any way that the recrudescence of violence in communities only tends to lessen their productive energies, and so lessen the portion of each in the general distribution. They do not probably reason at all except to the extent of saying that if they are not rich no one else shall be, and they probably would prefer the general poverty of a Tartar horde to the inequalities of a civilized com-

munity, even though the poor of the latter were really better off than the wealthiest of the horde. It is inequality that galls and not actual need and distress from want. This is one of the inevitable incidents of a progressive society, that those who advance faster shall be envied and disliked by those who advance slowly. It is of course the poorest and most unnatural method of increasing the comforts of each to diminish existing property, but these men are looking out to increase their own comfort at the expense of anybody. If they were not to fail in their efforts everybody would be worse off, but of course in an organized society they must fail. In fact anarchists are the enemies of society and have no legitimate place in civilization.

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THE COMMONWEALTH CLUB had a discussion lately on compulsory voting, which resulted in the gratifying disclosure that so large a percentage of our voters vote regularly that it would add little to the number if voting were made compulsory and effectively so. Seeing what difficulty European nations have to get their voters to the polls on account of the languid interest generally felt in governmental matters, this is a matter for congratulation with us. It would, however, be certain that a richer common people, as ours are, would take more interest in their government than a poorer people would. Their property interest becomes larger and their capacity for affairs increased by the rise in their standard of living, and no amount even of forcible repression could prevent them from feeling and showing their increased desire for a government to suit them. Herein is to be found the key to the failure of many revolutionary movements which were made in behalf of a poor population, which had not enough at stake in affairs to make it worth fighting for or thinking about. Then of course the fire of feeling caused by kindling words burns out rapidly and having no serious issues to feed its flames turns to ashes. A poor people have far more pressing needs to attend to than those of politics and are repressed by the drudgery of their daily wants. And peoples' votes are never worth having who have to be driven to the polls. This view is borne out by our own his-



tory, which shows a steady increase in the number of votes cast to the number of the population with the increase of general well being; and how much more our citizens now attend to their civic duties than did their fathers, and in fact are superior in many other respects, contrary to the general opinion.

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JOURNALISTIC ECONOMICS are very peculiar. Only a short time ago the New York *Sun* was vigorously advocating Free Silver. It was very severe on Roger Q. Mills because that gentleman deserted the Free Silver position when he saw it was becoming unpopular, and for months it pursued Mr. Cleveland because he was silent. And now that the Bland Bill is defeated, the *Sun* itself has deserted the cause, and says: "For our part we do not care a plugged penny whether a Democrat is for or against the Bland Bill. We are ready to submit to the will of the majority, but we should as soon think of quarreling with a Democrat because his views about the currency don't agree with ours, as of quarreling with him about the color of his hair or or the best way to remove warts." Are we to understand, then, that the *Sun* does not "care a plugged penny" about a sound system of currency, and will support any proposition that will help the Democrats to power? Is the public to understand that when it advocates Free Silver, abuses the Republicans for having a surplus in the Treasury, rages against the billion dollar Congress, praises Hill and denounces Reed and the Force Bill, that it does not "care a plugged penny" about those subjects, and that its only motive in being for or against any of the propositions is its immediate effect upon the chance of electing a Democratic President? If this is the *Sun's* position on economics and public policy, its heated special pleadings may be correctly estimated at their proper value. When in the future it rails about extravagance, advocates Free Silver, denounces Mills and Reed, and extolls Tammany, the voters may know that it does not "care a plugged penny" about these things, and that its praise or condemnation is merely partisan froth. But what a ditch is this to walk into unconcerned!

*Le Devoir*, a socialistic and excellent French magazine, gives us a story of an apostle of teetotalism and friend of the working classes who went to visit a factory with a companion and spent a couple of hours in going through its departments. He breathed the bad air contaminated with various vapors of wool and acids and oil and human beings, air too hot and close for that length of time, and coming out oppressed and de-oxygenated, said suddenly to his friend, "Isn't there a place somewhere about where we could get a glass of beer? All his theories vanished before the facts of the case. And while beer or whiskey is but a poor remedy for a bad state of things, he made it evident that the way to prevent indulgence in drink was to better the conditions of production and prevent stimulation by preventing the exhaustion, which feels the need of it. Here indeed is the proper point of attack for our temperance friends—not to pass prohibitory laws nor to exhort and tirade, but to look into the conditions of life of the masses and raise them to a level where drink will cease to be a temptation. Great headway has already been made in this direction indeed by the economic advance of the century. The increased wealth of the masses has undercut and destroyed the drinking habit in large numbers. It is this fact which makes a prohibition party possible, according to a self-acting law of society, that when an evil is disappearing it is attacked with most vigor. The prohibitionists stand as a symbol of an advance made by other things more than by their efforts—and those other things, namely, increasing standards of living and desire for luxuries made possible by improved machinery, will go on to diminish intemperance far more rapidly than a political party or a statute law could do it. We have recommended good people to observe that a factory was better to relieve poverty than a charity organization; we have recommended the church to notice that a railway through a heathen country civilizes and christianizes more rapidly than a missionary; we now recommend our total abstinence friends to notice that high wages, which bring better homes, are better incentives to temperance than tracts, lectures and laws. In truth sociology is the mother science of advance. All reforms and improvements lie incubating in the egg of improved material conditions resulting from increased wealth.

MR. EDWARD ATKINSON struggles very hard to give the world something new in economics. His latest attempt is to furnish a "Principle of Free-Trade" by quoting dictionary definitions and high court decisions, thus :

"A principle is 'a settled law or rule of action.' The principle on which the nation is founded is that of liberty. The constitution assures to every citizen the right of 'life, liberty and the pursuit of happiness.' Liberty is 'the state of a free man.' To be free is to be 'rid of that which confines, limits, embarrasses, oppresses and the like.' 'Liberty in its broad sense is the right of one to use his faculties in all lawful ways; to live and to work where he will, to earn his livelihood in any lawful calling, and to pursue any lawful trade or vocation.' Trade is 'the act or business of exchanging commodities by barter' or of 'buying or selling for money.' Free-Trade is therefore 'the buying and selling of commodities' without being subject to acts which 'confine, limit, embarrass or oppress.'

In the exercise of Free-Trade the citizen is entitled to protection which is 'preservation from loss, injury or annoyance' in his undertaking to 'earn his livelihood in any lawful calling and to pursue any lawful vocation.' . . . The Supreme Court having rendered a decision that 'to lay the hand of the government on the property of the citizen and with the other bestow it upon favored individuals to aid private enterprises is none the less robbery because it is done under the forms of law and is called taxation.'"

It will be observed that Mr. Atkinson confounds economic law with statute law. We supposed that he had outlived the fallacy that economic principle in any way depended upon statutory enactments. Of course, everybody has the right to "earn his livelihood in any *lawful* calling, and to pursue any *lawful* trade or vocation." There is nothing peculiar to Free Trade in that. A person can import commodities freely when it is *lawful* to do so, but when it is legal to impose a tax, to bring the same goods into the country without such duty is *unlawful*. To attempt to discuss an economic principle on the basis of high court decisions, is to join the ranks of the socialists

and assume that everything can be fixed by statute law. We would suggest to Mr. Atkinson that if he is going to say anything on economics that is worth saying, he will have to reverse his whole mode of thinking, and instead of taking statute law as the basis of economic principle, he must take economic principle as the basis upon which statute law should rest. We can make and unmake statute law, we can make and unmake constitutions, we can make and unmake forms of government, but we cannot alter by a hair the economic principle which determines the price of commodities or the rate of wages. In short, economic principle no more depends upon dictionary definitions and statute law, than the movement of the earth depends upon Mr. Atkinson's notions of Free Trade. It is a pity to see a man like Mr. Atkinson, who in some lines actually does good work, laboring under such an obvious delusion as to think that he can construct a sound economic doctrine from legal decisions, which are frequently as contrary to economic law as light is to darkness.

# SOCIAL ECONOMIST.

MAY, 1892.

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## The Decline of Rome.

The decline of the Roman Empire has pointed more morals and adorned more tales than almost any event in history, and the alleged causes of that decline have become common places of oratory and discourse, ever since Gibbon stated them to be increased luxury and the consequent effeminacy of men under the Empire. These have been universally accepted without examination, though such acceptance is of a nature to retard civilization and arrest advance wholesale. We propose taking issue with Gibbon about the matter to show that he never for a single moment got his finger on the pulse of the decline, never saw to the secret causes of that immense decadence whose final catastrophe attracted and invited the gaze of all mankind. He attributed this result to matters which were quite incapable of producing it, and neglected more important affairs which were silently at work to bring about the astonishing ruin. Not that Gibbon was to blame for his error, since in his day attention had not been drawn to the irresistible force of economic causes and the decisive part they always play in every social movement, either up or down. The importance of moral forces was then believed to be supreme, and no one went back of them to look for material forces, from which moral forces get their initiative and direction.

Now it is evident to one who is closely knitting cause and effect together that an increase in luxury can never cause decadence in a nation for many reasons. One is that an increase in luxury means an increase in the variety of industries and of the number of people. Now such an increase is not compatible with decadence, but on the contrary is of the very essence of

prosperity and civilization. For increasing industries mean a growing social complexity, mean finer adjustments, greater interdependence between man and man and between the different classes, a wider variety of ideas and relations with their consequent discipline, in all parts of the state. These cannot possibly lead to disintegration since they are themselves new integrations.

It is indeed the fashion to decry this increasing complexity, to attribute greater virtue and value to simpler communities. Orators enlarge upon the beauty, strength and worth of rural societies, attributing to them all the reliable solidity of the state, and speak of cities as hot beds of vice and sweltering nests of corruption. But we can easily visit the rural districts, and find that narrowness of mind, vacant rudeness, undeveloped natures are the prevailing country types. One does not go to a western border to look up the fugitive virtue of New York and Chicago. He knows it has not gone into the wilderness. Among Tartars and Turks, who live simply, one finds no luxury indeed, but neither does he find anything valuable whatever, neither books, music, arts, laws, societies nor civilities. We think when one speaks of them as free from an enervating luxury, he really means that they are poor, unprogressive and unimportant. Their first step in progress indeed would be towards an increase in luxury; that is an increase in the means and variety of life, a multiplication of pursuits, a differentiation in industries, a profusion of pleasures. The people of stagnated agricultural pursuits, Hindoo or Chinese, are as the animals, because their life has an animal monotony, repetitiousness, freedom from excitement, and simplicity. And such communities have also the negative virtues of animals, which thoughtless moralizers have exalted into immense advantages not seeing their merely instinctive and generally neutral character. To cry out, then, that luxury has ruined a country or a nation, or has any tendency to do so, is like decrying sunshine and rain as injurious to vegetation, or the diffusion of knowledge as blighting to wisdom, though in truth this latter contention is not without advocates.

Nor is the assertion that luxury is enervating and injurious to morals any nearer the truth. So far is it from the fact, that one may safely say that morality is the product of increasing wealth and its consequent luxury, the world over. The criminal classes are not the wealthy, though there be at times wealthy criminals the rich nations are not immoral nations compared with poor ones anywhere. A single tribe of savages measured on the standards of civilized people, contains more frank immorality than all the cities of luxury. In fact the savage tribe is little less than an organized immorality. It kills and plunders and lies wholesale, according to lawful customs; its very virtues are scarcely disguised vices, it gives prizes to treachery and violence, in matters of sex it has no scruples, it lives in dirt, nakedness and idleness revolting to a civilized man. It wallows in existence without a glimpse of the higher realms of life. And to say that Romans or anybody else ever were, or ever are more immoral than brutish barbarian beasts is to use words without meaning. Only the unreflectiveness of routine minds could entertain such a conclusion.

Therefore, they who preach about the austere and simple virtue of the earlier Roman Republic in its poverty, as superior in moral quality to the more luxurious Empire, are surely the victims of mere historical romancing. Because Livy, or Juvenal, or Tacitus, for political reasons and literary point, have chosen to depict the earlier time as better, readers quite forgot that the band of free-booters, which was the earliest Rome, and the troop which devised the rape of the Sabine women, could not have had any remarkable moral squeamishness. They forgot also that people, whose ideal was "to humble the proud" and to rule other nations, picking quarrels all round their borders with every weak neighbor in order to subdue and plunder it, cannot be held up as a model of conduct. The Roman Republic, whose citizens saw fit to indulge in the prolonged cruelties of Marius and Suylia, and whose civil history is one long scene of bitter and sanguinary contention between aristocrat and democrat, cannot be much admired except for the tough civil fibre which could bear the strain of such contentions and not be dis-

membered. The Roman state scarcely knew an hour of peace before the Empire. The everlasting and universal brutalities of incessant war were its constant employment and delight.

What wonder was it then, that those coarse gladiatorial games of the Empire, about which moralists are forever declaiming, should remain to the later luxury of Rome as the faded remnant of former tastes, and of the pleasure their ancestors had in actual and wide-spread rapine and slaughter among peaceful villagers and undefended populations? The children had not yet been able to shake off the cruelty of untamed, ancestral habits and still felt a ferocious delight in causing human blood to flow, which is the customary pleasure of the undressed barbarian. But to make much of this is as indicating degradation from a former elevation, is to mistake an ancestral survival for a new development of type.

The earlier alleged moral elevation of the Roman Republic had no reality. What led to its assertion is nothing more or less than that imaginative glow of color which the mind throws over the distant and obscure, lending to it a thousand charms which it never had in fact, and taking from it all the roughness which always adheres to human affairs. A mountain seen from afar looks as smooth as an egg, and its rocky peak is as trim as a fine needle, but try to ascend it and you find the roughness of hard and jagged rock fringed with danger and death. And so it is in contemplating social states and conditions. There also "distance lends enchantment to the view," and a partially known society, with few letters to chronicle its surroundings, buries its defects in oblivion while remembering only its famous deeds and fortunate events. These are taken up by later descendants, who feel a pride in their ancestors' success, and exalt them to a pitch of perfection beyond the human. Poets adorn the glowing legend, till what was savage is called "austere virtue," and what was rude is called simplicity, and what was selfish and tyrannical is called vigor and patriotism. This picture is then accepted as showing the national character. And a natural inclination to become the *laudator temporis acti*, praising times past, and to honor the dead, takes up the tale and



weaves about it the colors of a glorious dawn. Through such a process were the days of the Scipios and Coriolanus, and the Grachi plucked out of their real environment of rudeness, personal violence, popular madness and brutal ignorance, and set in a ring of golden virtue, which had no existence outside of the whim and fancy of the careless scribe who thought that what was not known must have been necessarily precious and praiseworthy. But of course barbarous Roman days were like other days of barbarians, and what they are anyone can see in our Indians, in native Mexicans, in South Sea Isles, in Africa. As we said, vices are praised as virtues, and treacheries as heroisms, and brute courage as moral exaltation. So the satirist gets the brilliant background for his dark portrayal of later corruptions.

But he does not make history, he only misleads men. He but increases human discontent and depression, in that he points backward to a fancied simplicity as a golden age, which society by irresistible necessities is always leaving further away. He gives to men a distrust of that increasing complexity which is the essence of civilization, and which society must take on, whether it will or no, as it advances in knowledge and wisdom, power and refinement. He makes men despondent amid their increasing prosperity and improvement.

But fortunately one has only to recur to Roman history itself to find the materials for refusing the accepted rubbish and showing its mendacity.

The palmy days of Rome are those of Augustus, and his successors down to the Antonines; not the days of simplicity and so-called virtues, but of wealth and extravagance. The times of Cæsar, Cicero, Livy, Virgil, Horace, Tacitus and the rest of the Latin magnates, were subsequent to the barren times of Scipio and Gracchus. Never in fact did Rome reach anything worth while till she became rich, and then she accomplished the works on which her colossal fame reposes.

And then, in the face of all these well known facts, historians gravely allege that Rome was ruined by her wealth and extravagance; that the days of her greatness were the cause of her decay. Could anything seem more futile? If a nation, by

the increase of power and resource, by the heightening of its civilization and the refinement of its citizens is only firing a train of events which will be sure to explode and hoist it and all its splendor and power into the air in a vast ruin, where is the hope of humanity? Who can wish his country to develop, cherish arts and sciences, enlarge its resources, increase its greatness, if all tends towards corruption and weakness, towards an ultimate extinction of all what men most admire and extol?

But of course this cannot be true and is not true. An advance towards health does not tend to disease, more knowledge does not develop into ignorance, art does not lead to degeneracy, wealth does not breed effeminacy, nor increase of power make towards debility. These are but the romances of moralists, whose eyes are so blinded by a few narrow maxims about sexual license and a few small notions as to their own creeds and tenets, that they have never seen the large sweep of the circles of national development, and how is it that nations grow strong or weak?

Now the real truth as we hold it is much simpler and no way strange. It is the very commonplace truth which everyone sees daily, that Rome grew strong as she grew rich and weak as she grew poor. The whole cause of her decline and fall was economic. Her finances gave out and she with them. Not her vices, but growing poverty ruined her; and her increased immorality towards the very last was not the cause of her decline in wealth, but she lost her wealth first and then her power and character.

And the method of it all was this. The Roman state began in a band of something like bandits who made successful forays upon their neighbors, conquered and organized their conquests until the larger part of the civilized world was under their dominion. Their acquisitions for centuries lay among the older and richer nations of the time, whose wealth the Romans appropriated to a great degree by taxes and requisitions, but especially by their system of sending out Roman proconsuls as governors to the provinces with nearly absolute power to plunder at will. These governors were expected to enrich them-

selves during the year or two of office which they held. At the end of their terms they returned to Rome bringing their wealth with them and lived in splendor and luxury. So long as the riches of conquered provinces held out, the prosperity of the Roman dominion increased. And so long as new conquests among wealthy people were possible the Romans were able to fill their coffers anew after every depletion. They therefore had money enough to sustain their immense expenditures upon armies, public works, games and the sustenance of the people.

The wealth thus rapaciously secured and concentrated, reached its prime, as we said about the time of Augustus when by a natural evolution it produced a new form of government, supplanting the ruder forms of early violence, civil war and arbitrary elections, which historians have mistaken for something like a modern Republic. It was, indeed, very like a South American Republic of our day, which so constantly runs into a dictatorship and is the prey of civil contentions. The great wealth of the city bred in its citizens, as it always does in any society, a desire for arts, letters, and life governed by laws instead of arms. The love of that luxury, which moralists have *παῖδες* brought in a distaste for the brutal heroisms of sword and buckler—a repugnance to arbitrary dictators like Marius and Sulla whose pleasure consisted in slaughtering their opponents, a hatred towards the coarse and ignorant life of soldiers. And therefore the state was changed. Its wealth had made it powerful and secure, its wealth now turned its attention to the pleasures and arts of peace.

If this was the beginning of decadence, then, every nation that ever stopped fighting and began to cultivate industries and civil pursuits, begins at that moment to decay. But it was not decadence. It was, as Virgil sang, the beginning of a rational and human existence on earth. It was the turning of the vast Roman power from devastation and robbery to intelligence and civic order. The palmy days of Rome as we said were at the beginning of this transformation under Julius Cæsar and under the Empire afterwards. An effervescence of literature took place, under Augustus and later, as it always does in times of

marked national changes in eras of wealth. The golden days of the world up to that time were seen as we said under Hadrian and the Antonines.

One does not at first see why a decline should have begun or why the great peace of the Empire have been broken. But economic causes had been set in motion in the reign of Augustus, which were sure in the long run to produce a widespread decay. The first was the interference of Sulla, and Augustus more powerfully later, with the system of joint stock companies and contractors, "which had been making enormous profits from enterprises extending everywhere." These had excited the jealousy of rulers and the envy of the populace, much as trusts and millionaires are doing at the present day, and were ruthlessly suppressed on account of their alleged rapacity and selfishness. Monsieur Deloume, a French economist who writes their history, sympathizes with this suppression. He believes that the wholesale destruction of immense industrial interests may be of advantage to the state. He should study for his instruction the expulsion of Moors and Jews from Spain and of Huguenots from France, and the consequent prostration of industries, especially in the first country, together with its subsequent political ruin. The recent financial convulsion in Russia following the persecution of the Jews might also enlighten him.

But must we not see that where industrial systems and developments are suppressed on account of their great profits, the government is really removing the enterprises which are doing the most for the public? The public shows its appreciation of them by being willing to put money in their purses to an unusual degree. And the public is not a philanthropist to do this for any other reason than that it finds it profitable to itself to use the enterprise and so to fill its coffers. When, then military dictators arrested enterprises which made promoters rich, they arrested civilization so far and cut off the necessary supplies of the future. The Empire could still live long—but henceforth it must live upon its capital. Productive development was curtailed, works commensurate with the extent of the Empire;

calculated to bind its wide distances together, and to weld its divergent interests were discouraged. The incentive to make wealth by industry was taken away. A system of outlay unrecuperated by income, which could only lead to eventual impoverishment was entered upon. The Empire was very wealthy and took four centuries to spend the accumulations of early Roman conquests, but bad economics will ruin Croesus or Midas at last, and so they ruined Rome.

Another cause of the same order also co-operated to the same end. It was this. At the time of Augustus Cæsar the Republic had already taken possession of the greater part of the civilized world which was rich. After that there remained only poor and barbarous countries to conquer. Round about the great Roman ring fence was a vast belt of forests inhabited by warriors who wore skins and had little but spears. Warfare, and even defense against these poverty-stricken tribes was more costly than profitable. The army whose legions had formerly paid for themselves and yielded a profit in addition, out of the wealth of the countries they conquered, now became a source of expense without sufficient return. The military business, once profitable, went into a decline. There was no more money in it. Its continuance for a sufficient time could only lead to national bankruptcy, unless industrial activity should make enough to pay its costs and leave a margin of profit for the nation. But the suppression of joint-stock and other enterprises had already dealt a fatal blow to industrial development, as we have seen. There remained therefore for the Empire naught but slow decay—the gradual exhaustion of the wealth it had previously acquired, a bankruptcy involving the nation itself.

Then the soldiery, no longer finding supplies in conquest began to turn their weapons upon each other. An impoverished army became rebellious, as it always does through poverty. The familiar phenomena of disrupting enterprises, whose financial soundness has begun to disappear, set in, and the Roman Empire went to pieces on the same rock on which Baring Brothers split a little time ago, and many an individual

goes to pieces daily. The same reef at sea will wreck a man-of-war, a merchantman or a fishing smack, and financial ruin is the primary cause of all national ruin not produced by external violence like that of Athens before Macedon, and of Egypt before Persia.

Other causes of similar import contributed to Roman downfall, such as its wretched system of taxation, and the unproductive manner in which the taxes gathered were spent, but these also were economic causes and went to the root of Roman conditions. A nation's strength is in its wealth and the loss of money is the cause of its decay.

We need then once for all to put away the notion that the increase of wealth can be accompanied by an increase of the average immorality in any society or nation; though wealth acquired, as was the Roman wealth, by military conquest, is far less elevating than that acquired by industrial development. The latter is the most civilizing and moralizing of forces. We need further to look for an increase of demoralization as nations increase in poverty. As they grow poor they take on a lower and lower type of civilization and social life. When Rome lost everything—art, science, letters, prowess, civil order and national honor—it was when the poverty of the middle ages had fallen upon her. The popular notion that national morality and poverty go together is as contrary to the truth as was the once equally popular notion that prosperity was a special favor of partial gods.

## The Municipal Problem in America.

Professor Bryce, in his able work, "The American Commonwealth," designates our efforts at city government as "the one conspicuous failure" of our institutions. When some Boston radical, in the presence of the venerable Dr. Bartol, denounced Christianity as a failure, the Doctor quietly remonstrated against this conclusion upon the ground that it had never been tried! Some such defence as this might justly be made against the prevalent flood of indiscriminate abuse poured out upon our city governments. The great cities of Europe have been growing for many centuries amid institutions which have taken definite form and character during still longer periods of social evolution. The type of their governmental institutions is well defined, subject only to variations incident upon increasing size and local peculiarities, and the inevitable tendency toward more popular forms of government manifested in recent years in all European countries save Russia, Turkey and their dependencies. We should expect, therefore, a definite and consistent type of municipal administration in European countries, together with greater perfection in the working of the machinery of civic government, and that is what we naturally find.

In the United States on the contrary, few of our cities can boast of more than half a century of incorporated life. They have grown up, moreover, in comparative freedom from the bias and interference of a centralized national authority, under such rules and regulations as the several States have chosen to adopt. The American city is always a center of industrial and commercial enterprise. With few exceptions its location has been determined and its growth stimulated by industrial necessities unwarping by the whims of rulers or the strategic necessities of a warlike nationality. European cities on the contrary, have grown up in the midst of semi-militant institutions and retain many militant features in their governmental machinery. This machinery operates, as it were, by clock-work, the motive and guiding force of

which centers in the national or parliamentary authority on which the cities depend for their corporate existence, and therefore turns out its results with a certain mechanical perfection to which our growing municipal methods have not attained.

That the American city is behind the better class of European cities in many particulars, cannot, therefore, be denied. As a rule, our police regulations are less perfect, our streets are dirtier and not so well paved, our city governments are more expensive and less economical in effecting public improvements, our officials are chosen from less responsible classes in the community, and disgraceful incidents of "ring" rule and indiscriminate public plunder have been too frequent in our municipal history.

Not in condonement of these grievous defects and offences, but in rational explanation thereof, it may be said, however, that this feature in our social life is yet young and inchoate. The civic machine is a tool which we have not wholly learned how to use, and it is small wonder if it occasionally wounds instead of serving us. We have not yet developed any consistent and appropriate system of municipal administration in this country. The methods in vogue in different states and even in the same state where the custom of granting independent city charters prevails, make civic government in America a chaos of diversity and inconsistency.

The sparseness of population in our Western and Southern states has given rise to the custom of incorporating small villages as the most practical way of emancipating local communities from the inertia or petty interference of county control influenced by dominant and unsympathetic agricultural majorities. In the Middle and Eastern states on the contrary, where the city has been an evolution from the township, and where the principle of local self-government has been a dominant feature in our political system, towns are not usually incorporated until they attain a considerable population—ten, twenty or thirty thousand inhabitants constituting as a rule the inferior limit. The smallest city in Rhode Island has 20,000 inhabitants; in Massachusetts the smallest has over 13,000, and in Pennsylvania there are but few with less than ten thousand inhabitants.



In Ohio on the contrary, towns of 5,000 inhabitants may be incorporated, and there are many cities of this inferior size; while in states farther West there appears to be no inferior limit for the population of cities. A municipality may apparently be laid out on paper, incorporated under general laws or constitutional provisions and left to "grow up with the country," as the saying is, under the stimulus of judicious advertising, with the guaranteed right of local autonomy as an inducement for settlers. The statement that one of our states most exclusively devoted to agricultural pursuits contains a larger number of cities than any other state in the union would probably be received with surprise by most of our well-informed citizens; yet such is the fact. New York now includes thirty-two municipal corporations exclusive of incorporated villages, one of these, Niagara Falls, of very recent incorporation. The state of Kansas, according to the last census, boasted in 1890 of the possession of 362 cities, having a guaranteed local autonomy secured by the laws governing municipal corporations. Of these 346 had less than 5,000 inhabitants each, 315 less than 2,000, 266 less than 1,000, and ten less than 100! The cities of Avilla and Apomattox reported just 34 inhabitants each, of both sexes and all ages.

Altogether, fully one third of the people in the United States are now dwelling in incorporated cities; and in making this estimate those inchoate cities which in Pennsylvania, New Jersey and Connecticut are termed "boroughs," and in other states "hamlets" and "incorporated villages" are not included. The proportion of our urban to our agricultural population is increasing with greater rapidity than ever before in the history of our country. Taking the towns of more than 8,000 inhabitants as a standard, the increase as shown by the census bulletins was about  $6\frac{1}{2}$  per cent. of the total population between 1880 and 1890. In the previous decade it was scarcely 2 per cent., and the greatest increase in any previous decade was less than 4 per cent.

In so far as this tendency is natural and not determined by abnormal conditions of life either in our urban or agricultural communities, it is by no means to be deplored. As President Gunton has ably shown in the "Principles of Social Economics,"

the tendencies to urban development are coincident with improved conditions of living. Our young men seek the cities because, as a rule, they there obtain wider opportunities for industrial usefulness and a better compensation for their labor. From the standpoint of social science based on the philosophy of evolution, the city constitutes the highest type of social combination. Here society is most highly differentiated, occupations are most diverse, mutual helpfulness is most general and inevitable, mental stimulus and the educational influences of daily contact with one's fellow men are at their highest, and the result is more rapid growth in all that constitutes individual character and good citizenship.

That certain abnormal influences have operated in stimulating our recent strides in urban development, cannot, however, be denied. Take, for example, the tremendous influence of immigration which largely contributes of its least desirable elements to our city populations. The Russian Jew, given free access to deserted but still tillable farming lands in our neighborhood speedily tires of the struggle with nature and hastens to augment the swarming populations of our tenement districts. The improvident soil-exhaustion which necessity has not yet compelled us to prevent by methods long in vogue in older countries, renders agricultural labor abnormally unremunerative and thus drives the ambitious young men from the rural districts to the city. This evil the city unwittingly increases by pouring into the river or the sea those elements of nutrition which should be scientifically treated and restored to the soil. The result is not only an unnatural stimulus to over-crowding in our cities, but an increase in the tendencies to vital deterioration that are an inevitable concomitant of civic life, by the debasement of our food supplies. Professor Atwater, of the Wesleyan University, one of our leading chemists, and an acknowledged authority on the subject, shows in a recent article on our food supply, that, owing to these uncorrected tendencies to soil exhaustion, our grains and vegetables already show a deterioration of from 25 to 40 per cent. in their proteins or tissue-making materials, as compared with similar products of the soil raised in Europe. This results in a like deterioration of our meat supplies and of our own bodily tissues,

which may account for some of the more obscure forms of physical ailments which have shown a marked tendency to increase in recent years, as Bright's disease, and fatty degeneration of the heart and venous and arterial tissues.

These considerations, however, are incidental to our present purpose, which is to show how all this bears upon the problem of municipal government in the United States and renders it more difficult of solution than it is in European countries. The rapid increase of our urban populations of which these are some of the leading causes, and the constant shifting of populations induced by this increase, and the concomitant struggle for the most remunerative occupations under the varying conditions of commercial prosperity and depression, prevents our cities from acquiring that distinctive character and corporate individuality which comes from more stable conditions in older and less variable centers of population. At each successive election there is an immense augmentation of the voting population of our larger cities which is largely composed of immigrants from foreign countries and from the country districts, who care little and know little of the real requirements of the community, or of its previous history and the circumstances under which its relative prosperity has been achieved. We need first of all to establish conditions which shall encourage stability in our city populations and invite a natural growth both in numbers and in civic pride, which results from the contemplation of the city as a corporate individuality possessing a distinctive character that compels the admiration and respect of the citizen.

At present, as I have before remarked, our methods of municipal administration are extremely diverse and contradictory. Each state controls this matter to suit itself. In the older states, cities are usually incorporated by special charter, drawn by some local official or representative body of citizens, and adopted by the state Legislature, with such additional provisions and amendments as that body, with its large proportion of bucolic members, many choose to devise. The result is that in our own state, for example, no two cities are governed by like methods, as was strikingly shown in the report of the committee of our state

Senate, a year or two since, prepared, I believe, by the Hon. Jacob Sloat Fassett. Functions and duties, which in one city are assigned to a certain official, in another are relegated to a different one; so that it is impossible to determine even from an identity in the designations of the public servants of different cities, whether or not their duties are the same.

And in states where cities are incorporated under general laws (as in Ohio, Illinois, Pennsylvania, and many of the Western States), or constitutional provisions (as in California) the confusion is almost as great. Cities are usually divided and subdivided into several grades and classes, according to their population, each having its own peculiar plan of municipal government. A city of low grade which becomes entitled by increase of population to advance to a higher grade can usually do so only by a majority vote of its citizens, and this is often withheld from a disinclination to change the form of its charter.

The object of this method, which is to prevent special legislation, and legislative interference with the local administration, is good; but in order to work successfully it should be flexible, and easily adapted to changes in population, leaving to each local community, as far as possible, the choice of its own governmental machinery and the management of its own affairs. In many states, at present, the obvious intent of general legislation for the government of cities is nullified for the larger municipalities by a system of classification which relegates only one city to a given class or grade. Thus, legislation for a particular grade becomes in reality special legislation for a certain city. The evils of special legislation, which are a constant menace to the local autonomy and welfare of our cities, can hardly be avoided until the rights of the cities are guarded and their interests protected against such interference by constitutional amendments. The efforts of all persons interested in municipal reform should be directed toward obtaining such amendments, which should secure to local communities the rights of self-government under suitable guards and conditions, and provide for the incorporation of cities by means of general and flexible enabling acts.

Looking back over the past half century, which has wit-

nessed this marvelous growth in our urban communities, certain definite tendencies may be noted in our varying methods of civic administration which indicate that the law of natural selection is operating in this vast and complex field, in the direction of more uniform and consistent governmental methods. If the opportunity for free development and the natural play of social forces is secured by constitutional guarantees of local self-government, our cities and if socialistic agitators, with their ready made panaceas can be kept in abeyance, there is every reason to expect that we shall ultimately develop a municipal system which is distinctively American, in harmony with our Democratic-Republican theory of self-government, and free from the evils which all good citizens now recognize and deplore.

In New England, where the town-meeting system was originally instituted and still prevails, giving to each voter an equal voice in the local administration, it was natural that this conception should pass as an inheritance to the municipal corporation. The New England cities have therefore usually been governed by popular suffrage, occasionally tempered, as in Rhode Island, by a property qualification for voters for aldermen and councilmen. This method was in harmony with our general theory of government, and has been gradually extended to those older cities, like Philadelphia and Annapolis, which were originally created as close corporations, and to the newer cities of our growing country.

The reliance upon popular suffrage naturally gave rise to the appropriation of the existing machinery of our national politics and political organizations for the conduct of municipal elections. This has led to numerous serious abuses, such as the trading of votes and distribution of municipal officer as a reward for services rendered in the field of national politics, and of late there has been a steadily growing tendency to regard the city as a business corporation, the administration of which should be wholly divorced from national political issues and the machinery of party politics. This tendency is indicated by a growing independence in voters, upon municipal questions, and notably in the formation and growth of such organizations as Tammany

Hall on the one hand, and the various Citizens' Associations and Municipal Leagues on the other, which have regard chiefly for the matters of local policy and administration.

Tammany Hall is usually looked upon as a Democratic organization; but that its allegiance to the national Democracy is uncertain and of secondary importance to its interest in municipal affairs is now very generally recognized. This organization contains some men of undoubted character and probity; but its practical directors have not unfrequently indicated a willingness to "trade" governors, congressmen and even presidents, in order to secure a stronger hold upon the loaves and fishes of the local administration. Since it has practically succeeded in extinguishing all other local machines representing the Democratic party in New York City, some of our ardent, optimistic and over-credulous municipal reformers have even conceived the idea that by joining this organization, and exerting their personal influence on its leaders, certain desirable ends might be more quickly and certainly attained than by fighting it from the outside. The public would probably be somewhat astonished, could the roll of Tammany Hall be published, at the character of some of the names which it contains. The success of these enthusiastic citizens seems more than problematical to the unbiased observer.

Nevertheless, good citizens may make a note of the present status and influence of this organization, and gain wisdom therefrom for the direction of their own reformatory efforts. What Tammany has done implicitly all wise workers for municipal reform should do explicitly; they should subordinate national politics when voting upon questions of local administration. They should aim by the introduction of radical measures for the reform of the civil service, to divorce the vast and remunerative office-holding constituency in our great cities from all connection with state or national politics. Subordinate officials should be appointed for character and competence, as a merchant would choose his clerks. Their tenure of office should be permanent, subject to removal for cause by the heads of departments. A system of direct responsibility, from the Mayor down to the lowest subordinate official, should take the place of the irrespon-

sible methods now prevalent. There has been a noticeable tendency toward the recognition of this principle in the reorganization of our city governments in recent years, which needs only to be pushed to its logical conclusion to secure the end so much to be desired.

It is also a matter of the utmost importance that the individual citizen should in some way be brought into more direct relation to the affairs of local government. One method proposed to secure this end, is to divide cities into small districts, and intrust to each the control of its streets, sewers, lighting, etc., by the local town-meeting system, or through its representative in a general council. In our larger cities, however, the latter method would make the representative body so large as to be cumbrous and unwieldy, while the former would divide the city into numerous small districts, each with an independent administration, which would destroy the unity essential to a successful municipal policy.

The City of London, until recently, had no central governmental authority. Its administration was divided among the several smaller boroughs and villages whose aggregation created the larger London. Some years ago a Board of Municipal Control was instituted to take charge of the streets, secure uniform systems of lighting, sewerage, etc., and now the new County Council for the first time brings the entire municipality under a single uniform system of government. This tendency to integration must dominate in our city administrations, by a law of evolution which it would be idle as well as injurious to resist.

Each city, therefore, should be governed by one legislative body, clothed with ample powers, under suitable general guards and regulations, and possessing the sole authority of legislating for the municipality. To secure the participation of the individual citizen, the city should be divided into a sufficient number of council districts, each having its assembly room, wherein all voters should be entitled to assemble at least once a month, and take counsel with their representatives. Here any voter could take the initiative in the introduction of measures for the public benefit. Here proposed legislation would be submitted to the direct examina-

tion and criticism of the citizen. Here all corrupt jobs and bargains could be investigated and exposed. Here the laboring man and the capitalist could meet on equal terms and each have his due weight in the advocacy of public measures. Social friction would thus be alleviated, and social classes would come to know each other better. Character would thus count as well as numbers in the regulation of our municipal policies. In no other way, that I can see, can the virtues of the town-meeting system be restored to our municipalities, and the educating influence of the personal contact and acquaintance of citizens be successfully secured.

DR. LEWIS G. JANES.

We agree with Dr. Janes in the excellent article above in much that he says respecting municipal government. What he offers is worthy of serious consideration. We may, however, venture to suggest that in common with most reformers he writes with a certain forgetfulness of the material in which he is working, and that it will not do to think of iron as if it were clay. Our American masses are too cordially enlisted in the great political parties to be detached from them in voting on municipal affairs. And their votes carry the city elections and always will. Paul may preach and Apollos publish, but these voters are not to be separated from their parties. They never have been, nor will they be. Efforts to reform city governments by attempts at such separations therefore will be in vain. So too would the division of a city into Council districts with rooms where citizens and district officials could meet and vote on measures be useless, as they would certainly result in the well-known ring which springs up everywhere in affairs even down to clubs and churches.

A new method which has been slowly growing for some time in towns and cities is that of voluntary societies of public-spirited citizens whose sole object is to spur the routine steed of administration up to his duties and keep him well nettled about his delinquencies. This has already done much for city government and has now lasted long enough to prove the efficiency of their method. They give every citizen the opportunity of bring-



ing his ideas to bear upon public officials every day and are likely to prevail for two reasons. First, because they enlist everybody into co-operation ; and second, because their committees being unpaid cannot become the refuge of the mercenary whose idea of office is not work but pay. The City Improvement Society, City Reform Society, Cruelty to Children Society and others are examples of these. These societies are native and spontaneous growths and their survival shows their hardiness. Under a Democracy a city will inevitably be as good as its citizens, and no better, and a good city will be made only by the desire of everybody to have it good and by attention from everybody to the officials who have it in charge.—[ED.]

# COLLEGE OF SOCIAL ECONOMICS

## Opening of New Building.

The College of Social Economics opened its new and commodious quarters at 34 Union Square on the 27th of April, 1892. It now proposes to establish itself there for some time, and to devote itself to a new mode of education having primary reference to modern life.

The ceremonies of the opening were simple, and consisted mainly of speeches, together with music, followed by a collation. The new lecture hall was filled with a fine and attentive audience who manifested their pleasure in the exercises by frequent applause, and though the speeches lasted till nearly eleven o'clock, there were no signs of weariness and no withdrawals. The College had reason to be greatly pleased with the interest aken in it, and starts forward upon its second year with high anticipation sof its immediate future. The two graduates of the last year were selected for marked praise in both the manner and matter of their orations, showing a noticeable bent of mind towards questions of present importance. Their speeches, we may say here, were entirely their own, untouched by their teachers.

The speeches of the other orators were of such a nature as to show the state and progress of attention to economic thought and its increasing interest to all kinds of people. Even clergymen are beginning to weave economics into the fabric of their oratory for the world's advantage.

The new term of instruction will be enlarged by the addition of several departments of science and general knowledge, calculated to put our graduates well abreast of the best scholars of other colleges in the independence and power of their minds



College of Social Economics,  
34 UNION SQUARE, NEW YORK.



and knowledge. At a late hour the celebration was finished, and the audience dispersed with many expressions of pleasure in the occasion.

The exercises were opened by President Gunton, who, in introducing Mr. Parke Godwin as chairman, said :

This is one of the few colleges that have grown up little by little. Whatever form it has now is on the line of natural selection. It began with a few lectures, and with more or less persistent effort has gathered strength all along the line, until we have to-night been able to take up our present quarters. But in the early efforts I was forced to make, in getting a hearing on what I call democratic economics, the view of political economy and sociology which recognized the masses of the community as the all-important factor in society, the first man of letters, learning and position to recognize what I was doing and say an encouraging, though not always an uncritical word, was Mr. Parke Godwin. The laborers heard me long ago, but you know laborers are poor, and poverty has little influence. I have always felt that Mr. Godwin's assistant and critical aid had much to do with the success of my early efforts.

It is therefore most fitting that Mr. Godwin should preside on this occasion, and it is with great pleasure that I introduce him as the chairman of the evening.

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MR. PARKE GODWIN'S ADDRESS.

The first thought, perhaps the only thought, that ought to be expressed on an occasion like this, is one of congratulation to the founder of the Institute on the rapid yet solid success that has accompanied the sagacity, the energy, the perseverance, and the broad and generous aims of his labor. *Finis coronat opus*, the end crowns the work, says the proverb ; but the proverb overlooks the fact, that in every effort for the development of humanity, each end attained is but a means to a higher end, which itself becomes a stepping stone to a still higher end, and

so on *ad infinitum*. Much as has been done in the acquisition of this capacious building, in the distribution and arrangement of these courses of lectures, in the publication of a creditable magazine, which is at once a repository of information and an arena of much debate, much more is to be done by the expansion, the elevation, and the improvement in many directions of these working instrumentalities. We are yet, in regard to this whole subject of social science, but in the gristle, in the early and germinal stages of its growth, groping blindly even for some of its seminal truths, and in the midst of those primeval nebulae which would seem to be for all human knowledge the initial condition. In saying this, however, I do not mean to disparage the efforts of those who have opened and led the way into the depths of the original darkness. The pioneers in every form of research, over whose dead bodies we often tread to get a first foothold for our further advances, are entitled to the lasting and grateful admiration of their successors, to whom even their mistakes are a mold which stimulates and nourishes many fruitful after growths. No one now believes in the astronomy of the ancients, but the astronomy of the ancients laid bare the vistas into which the broader visions of Copernicus, Kepler and Newton pierced. No one now-a-days, accepts entirely the economic speculations of Adam Smith, and yet the "Wealth of Nations," was one of the greatest books that was ever printed, and will go down to the latest days in grateful remembrance, along with the *Organon* of Aristotle, the *Peace and War* of Grotius, the *Principia* of Newton and the *Critique* of the pure reason of Kant. He that, far down the corridors of time, shall speak the final word of the science will gladly wave back, across the gulf of years, his recognition of all the morning stars who shone aloft upon the forehead of the coming day.

The fortunes of economic science have been curiously vacillating. Not long since it was hailed by many of the present men of the age as a completed science, a science inexpugnably constituted. In 1876,—our Centennial year,—and the centennial of "The Wealth of Nations," the leading men of England and the United States met together in banquets, the first

time such honor was done to a secular book, to celebrate the almost universal acceptance of its doctrines. Forty-four years after its publication, in 1821, Colonel Torrens, an authority of the time, proclaimed that with respect to political economy, the period of controversy is passing away and that of unanimity rapidly approaching. "Twenty years hence," he went on to predict, "there will scarcely exist a doubt respecting any of its fundamental principles." A few years later again, 1838, McCullough took up the same jubilant and prophetic strain. "The errors," he said, "with which political economy was formerly infested, have now disappeared and it may boast of as much certainty in its conclusions as any science founded on fact and experiment can do." \*At the close of Torrens' prophetic period a more illustrious thinker than either he or McCullough, John Stuart Mill, maintains the unequivocal success of the science in its most central and controlling doctrines,—that of value,—of which, he said, "nothing remains for the present, or any future writer to clear up; the theory of the subject is complete, and the only difficulty to be overcome is that of stating it so as to solve by anticipation the chief perplexities that occasion its application."\* It might have been suggested to men, that a theory which cannot be clearly stated in its applications, is not very clearly apprehended in its principles; but at that point Mill was strongly fortified in his position much later by Professor Cairns, who, admitting that, while some of the fundamental tenets of the science were yet "unstable and uncertain," claimed for it in opposition to Comte's severe criticisms, "a precise method, a peculiar body of doctrine, continuity of tradition, fecundity of development and a faculty of prevision."\*

Meantime, another equally eminent authority, even while McCullough, Mill and Cairns were accepted teachers, was writing in a volume posthumously published† "that the position of

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\* Essay on the Production of Wealth, London, 1821.

† Introductory Discourse to Wealth of Nations, Edinburg, 1838.

\* Principles of Political Economy, B. iv, c. 1, London, 1848.

\* Essays on Political Economy, London, 1873.

† Economic Studies.

political economy is not altogether satisfactory; it is rather dead in the public mind; not only does it not excite the same interest as formerly, but there is not exactly the same confidence in it; younger minds do not study it or do not feel that it comes home to them, or that it matches with their most living ideas; which was equivalent to saying that it no longer kept in lock step with the progress of human inquiry. But why this change? Why was it that about this period the books of many authors Ingram, Cliffe Leslie, Bonamy Price, Lavalaye and nearly the whole historical school of the continent began to question and doubt, and to abound in discrepancies and contradictions as to the real domain of the science itself, as to the definition of its most elementary terms, as to its classifications and *axiomatic media*, as to its modes of investigation and as to its ultimate formularies? Sidney Smith in order to expose the discordances, said, in his exaggerated way, that he once joined a political economy club consisting of a hundred members of whom he asked, "What is value?" and got a hundred different answers. Another witty writer avowed that to the question, "Are land and labor to be classed as capital?" there are four possible answers only; 1, that land is capital and labor is not; 2, that labor is capital and land is not; 3, that both are capital and 4, that neither is capital; and strange to say heavy volumes had been written to prove the sufficiency of each answer." Smith gave the first answer; another clerical the second; McCullough the third; and Mill the fourth; and all are equally confident and persuasive.

No, the cause of the lapse and paralysis that Bagehot laments are to be looked for elsewhere. Much care is, no doubt, to be attached to his extraneous influences; to the fact, solely, that the men who are in the midst of the economic world—merchants, brokers, dealers, contractors, mechanics—are swayed by their self-interests, and look at facts almost exclusively through that medium; and to the fact, second, that economic phenomena are intimately connected with political politics, and are seen in the mephitic atmosphere of partisanship.

These are, however, extraneous and incidental influences



and these are not vital. A more potent cause of error and delay in economic research is to be found in that grand law of social movement announced by Comte, which fixes a chronological order for the genesis and development of all the sciences. Of course, I cannot enter here into an exposition of this law, either as expressed by Comte, and made more defectively by Herbert Spencer, but there is one corollary buried up in it at which I must glance. It is this. Economic or industrial sociality is but one form of sociality, and linguistic, poetical, æsthetic, and religious sociality another form. Each one of them is a part of a larger whole, or a smaller circle in a wider circle, and the development of each part depends upon the development of that larger whole. In other words, under the general laws of society, the social function controls to a great extent, (though not exclusively) the laws of special social functions, just as the unity or harmony of a body marks the end to which the growth of each of the member tends. Now, what are the most general laws of sociality as they have manifested themselves in all times, in all places, in all phases of human associations, from the patriarchal family to the world-dominating Empire, or the almost universally diffused freedom of the popular Republic? It would require a big volume for an answer; but we may be satisfied with this hint.

A Cosmos, or a system of order is not possible when all the constitutional elements are totally different or absolutely one, but only when there is unity in variety, or variety with unity. If every distinct object in this universe were not only distinct but unlike, this universe would be a chaos, without order or connection of parts. If every such object were indetical with every other object, it would be equally a chaos—but a chaos of mush. Only when these objects are both alike and different can they stand together and unroll a continuous order and beauty. But how is that to be attained? In only one way alone; by a universal repetition of the the world in all spheres of the same, cut off by a *not-the-same*. Take the inorganic or physical world in which harmony is produced by repetitions of motions or by the undulations of hypothetic ethers. All the

colors that the eyes see, all the sounds that my ear hears, all the forms that the touch grasps are produced by differentiated waves of light, of sound, of imperceptible atoms. So, in the organic world, the vast varieties of vegetable or animal forms, dead or living are the products of generative repetition from the minutest germ cell or tissue, to the most perfect of men or of angels. Then, again, in the super-organic world! In the social or spiritual world—for society is not an organism as so many erroneously assume, but a super-organism and an outcome of wants, desires, affections and thoughts, we find the spiritual forces difficult to name, but called by a profound authority the two universal factors, are imitation, assimilation, contagious appropriation, and invention or discovery, which in the sphere of the fine arts we speak of as genius, and in that of religion, as inspiration.

Yes, all the changes of sociality, linguistic, judicial, political, artistic, economic, customary and fashionable, are but incubative repetitions, from age to age, from land to land, from class to class, from person to person, punctuated ever and anon, by some invention and discovery, or inspiration, which gives new impulse and a new direction to the grand currents of social progress. Language, the great medium of social intercourse we learn, even as to its accents and turns of phrases from parents and teacher, codes of law come down to us as a sort of bed-rock laid from the remotest antiquity, forms of government we inherit; the usages of trade more rigorous and imperative than the courts of kings, are handed down from shop to shop, or workman to workman; our houses, our furniture, our dresses, our hats and shoes, the bonnets women wear at church are regulated by custom or fashion. Even the most sacred beliefs are inherited by the contagion of opinion.

Now, these innumerable processes of imitation are as subject to general and universal law, as the fall of heavy bodies, (except when interrupted by the other factor of invention or discovery) and, it is these processes that social science must henceforth study. A great deal has been done by the

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\* In this distinction most ably defended and almost demonstrated in *Les Lois de l'Imitation* G. Tarde, Paris 1890.

archæologists, by the philologists, by the legists, by the statisticians and by the economists in reading the rise and fall of the waves ; but much more remains to be done by the students of this institute. Let me illustrate.

The older economics caught a glimpse of this law of imitation when they began to stammer vaguely and confusedly, of a certain "standard of living" as the regulation of certain social conditions. A fuller apprehension of its importance has been reached by more recent teachers ; none of them have yet carried it out ; but the standard of living is a partial or half-truth which will not be seen in its fullness and glory, until the laws of imitation are drawn from their obscure abodes and demonstrated—though all the wide reaches of super-organic phenomena—as the laws of undulation have been in physics, and the laws of generation in physiology. For myself, I confess after delving for years in the dark minds of the classic writers over value, supply and demand, cost of production and what not, these simple words have proved a magic wand opening vast luminous horizons ; as the simple word of Newton, "directly as the mass and inversely as the square of the distance," wheels the complicated heavenly bodies into a dance of grace, and the simple word of Darwin, selection and heredity gave the wild mobs of the animal creatures, marching orders, so that now they move forward in measured file "like an army with bayonets."

These phenomena of imitation, I have said, are subject to law ; but I cannot say that of the phenomena of invention. Like the word of the Scripture, you have the sound thereof, "but cannot tell whence it cometh or whether it giveth." It is one of the primal mysteries which connects our life with the unfathomable beyond. Who has ever yet accounted for Homer, for Guatama, for the Christ, for Plato, for Kepler, for Newton, nay, for the least pretentious of inventors, a Fulton, a Watt, a Howe, or an Edison. They come seemingly in the regular course of events, but they are themselves events and make events. They are suggested by circumstances, but they contain infinitely more than any circumstances by which they are suggested. Their beginnings may be nothing, an insignificant

accident, an imperceptible grain ; a transient flutter, but their results are revolutions, widespread, stupendous, everlasting, which insert new whirls into the older torrents, and change the currents, and the aspects, and the entire future of life out of the dread depths of the supernal love and wisdom which breathe the air and float on the wings of ineradicable freedom ; they come down like sparks of fire flying from the anvil of the gods to kindle original centers of vibration, and to radiate in innumerable waves and in all directions, through the mnemonic of social speech.

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MISS MOLLIE B. LUCK'S REMARKS.

*(Student in Evening Class.)*

So many kind wishes have been expressed this evening regarding the future work of the College of Social Economics, that I feel as though I should like to tell you something about the work which the science has already accomplished. Two years ago a class of which I formed a unit, began the study of the subject under the instruction of Professor Gunton. I know that my mind, and feel sure that the minds of the others, was in a chaotic condition where all economic questions were concerned ; and it is of the clarifying and reducing to order of those minds of which I would speak. Two seasons' study has sufficed to show us clearly the economic pitfalls in which many thinkers have slipped, and thoroughly imbued us with principles whose light enable us to solve economic problems as they arise. Viewed from an evolutionary standpoint and keeping constantly in mind the fact that the great motor power in social progress is human desire, the science of economics has ceased to be a bugbear, and has become an all absorbing study. So far have we advanced, that we are no longer willing to accept the economic myths, which hitherto had been our only food.

We now know wealth to be not money, for that is but a certificate of credit, but anything which ministers to human desire the utility of which is actualized by human effort. We know too, that wealth is only dear or cheap, as it will exchange

for a large or small amount of labor. So in considering how to make wealth cheap, by keeping these facts in mind, we compare commodities with man and man's effort, not with other commodities, as economists have always done, thereby establishing that most prevalent error, that the ratio between supply and demand regulated prices, which we know to be untrue, because prices are fixed by the cost of producing the dearest portion of the necessary supply. This law extends to all classes of prices, the price of labor being determined by the cost of the living of the twenty per cent. of the dearest portion of laborers in any given industry.

We have learned that high wages and short hours make low prices, by increasing the wants of the masses and thereby making the use of improved machinery possible, which lowers the cost of production thus creating a surplus, which surplus is distributed to the community in lower prices through the agency of competition.

We have proven that the idea that rent, interest and profit, were exploited from the laborer to be incorrect, by showing them to be economic surpluses, over and above the cost of production, belonging rightfully to those, who by the introduction of better methods have created them. So do we know that taxes are investments, and are not paid by the laborer because he can always shift the burden, by demanding back his increased cost from his employer in higher wages.

So by the application of economic principles we are enabled to determine where duties shall be imposed in order to protect the wage level of the superior country against that of the inferior; that competition may take place between equals, thus giving the opportunity for the fittest to survive.

We desire to make wealth cheap, but wealth only, for we know that only as man becomes dear, can he become highly socialized; by comparing the laborers in different industries and countries, we can easily prove this to be true. The laborers in China, for instance, are socially very inferior to those in England or in this country. Why? because their cost is less. Laborers in any non-socializing industry, such as agriculture,

are stupid and less civilized, for the same reason. A cheap man makes a poor citizen. This is as true of woman as of man, the only reason why woman is considered inferior to man to-day is because she is not his equal in the industrial world—in a word, she is cheap. There is no "Woman Question;" the same economic laws that govern man's condition, govern woman's, and when by increasing her cost she has made herself socially and industrially man's equal, there will be no question regarding her right to vote, for when she stands on the same industrial footing as man, her demand will be effectual and she will have the vote if she desires it; but to have the ballot now, would not place her on that footing, for she can only gain that in one way—by becoming dear. The question to be considered is the promotion of the welfare of the masses; which includes all regardless of class, color or sex, one cannot rise alone, the movement must be a general one. Poverty enslaves and oppresses. Material welfare gives all the highest opportunity to develop; and we can see no reason why the text, that "The poor ye have always with you," need continue to be true.

What Social Economics has done for us it will do for *all*. And when the principles contained therein, have come to be thoroughly understood, affairs industrial and social, will be carried on without the wrangling that a hap-hazard policy always entails. Those classes so inimical to the welfare of humanity—the socialistic class, who consider the capitalist a thief and robber, a parasite to be eliminated from society, instead of knowing that labor and capital are inter-dependent, the prosperity of the one depending on the welfare of the other; the army of pessimists who declare that all that existed a century or two back, was to be preferred to modern conditions, and many other classes that are equally mistaken, will then sink into oblivion. When all measures are considered with the view to the advancement of human well-being, always keeping in mind the prime mover in social progress, human desire, civilization will advance at even a quicker pace than it has within this last and greatest century.

*(Student in Evening Class.)*

It is with some diffidence, that I get up to address such an audience as I see before me.

I am pleased to represent my class on such an occasion as this, and at such a time to be able to present to you our desires and aspirations, and to tell what we hope to be able to do for ourselves and our fellowmen, through the teachings of Professor Gunton.

It is, indeed, inspiring to be present at the birth of such an institute, the first of its kind, that will spread its beneficial influence we trust, through the civilized world.

We are fortunate to have such a man as Professor Gunton at its head, as we who have studied under him can fully testify. He is an able teacher and has at heart the interests of all mankind. He is not governed by pessimistic ideas in regard to the future of the human race. He believes in scientific research and its evolutionary application. He sees that there is a more glorious future for us and the rest of mankind, and that the good in man predominates and not the bad, and that when civilization advances in its proper groove, with a little oiling here and there, it will keep along with one continuous movement and bring with it many blessings to the human race. It is well, I say, for us and this institute that we have a man at its head, who, by deduction from economy and history, teaches the final evolution of the race, not by revolutionary and gigantic upheavals in society, but by the movement of mankind along well-known and scientific lines.

This institute will fill a want in affording instruction to those who desire to study Political Economy and Government and who have neither the time nor money to go to college. I know that since I became a member of the Professor's class, I have gained a knowledge of scientific thought, of government and economics, the effect of which has been to completely change my former methods of thought. The evenings I have spent in his class have been the best spent of my life.

When I was serving apprenticeship at my trade, I used in

my idle moments to look around at the condition of my fellow-men, and see the discontent that existed, and the movements that were taking place in society, for the betterment of their condition, not along any well defined line, but in a haphazard manner, governed by no great principle and trusting to chance to keep them moving in the right direction. I began to wonder if in the science of government there was no orderly sequence, and why it was that in every science but the science of politics, of man, of civilization, there were certain great and fundamental principles by which we could always foretell what effect to expect from certain causes, while in the history of civilization, man was left to work out his own destiny by chance. So I resolved to study Political Economy, to see if there was not some principle in its teaching, by which I would be able to foretell when mankind ought to advance and how. A dismal science it seemed to me indeed, the only way taught for a nation to become rich was to steal the trade of some other nation, and to pay her laboring classes low wages. A great many of its principles failed to square themselves with the facts. It did not deny that man was a being who was the sport of circumstances and who could not work out his own end, and I felt sick at heart and asked myself if this must always continue so. Was there no hope? My nature rebelled and said no! man was not placed upon this earth to be the victim of his environment, but a better and a nobler end was in store for him. Under Professor Gunton's guidance new light began to shine upon the subject, and before we had gone far it seemed as if the Professor was holding up to our gaze a light of extraordinary power, throwing its silvery rays into the inmost recesses of the history of the human race, pointing out clearly what before seemed dim and indistinct, showing the true line along which society progressed. It was then no longer a dismal science full of dark and dreary paths leading to destruction and despair.

Now the greatest writers have taken things as the subject of economics and made man subservient to them. We believe that man is the objective point in our civilization, and that when he wills it so, things move with him, or after him, not before



him. In the past we have been taught that an over-population caused poverty, yet I am sure that since the world began, where there has been a continued over-population the nations and people have grown richer. They claim that prices are governed by supply and demand, yet there never was a time in the world's history when there was a greater supply of manufactured articles than could have been used ; or that, prices have fallen below the cost of production. They also claim that when there is a surplus of laborers wages fall, yet there was hardly ever a time when there were not more laborers than places for them, in spite of which fact wages have steadily increased. We believe the standard of living governs wages, and that high wages bring prosperity to a country, and not low wages. These points are but a few which show that the old teachers of Political Economy have failed to learn the cause of civilization, and to find the mainspring that propels society forward, the lever by which men can move the world at will.

So far society has progressed by taking timorous leaps in the dark, trusting to luck to land right-side uppermost. And for some peculiar reason those very people who ought to have championed movement in society by their teachings always opposed it, and when it was retarded exclaimed, " I told you so," and when at last the masses were successful, wondered how it all came about.

For instance, the movement that has taken place at the present time—the right of labor to organize—to obtain higher wages, a less number of hours per day, has been opposed by writers and teachers of political economy.

They told us that we could only get higher wages by stealing it from the capitalist, that with a shorter number of hours the manufacturer would be ruined. But the wage earner receives higher wages than he ever did before, he works shorter hours—yet the merchant and capitalist are getting richer and the country more prosperous. Higher wages and shorter hours embody one of the true principles of civilization. With higher wages, prosperity increases ; with shorter hours the opportunity of the masses is increased ; man has more time for enjoyment and

pleasure which brings with it new and increased desires—the very mainspring of our civilization—which create new industries, from which all progress arises. This brings in its train a higher morality and education and a greater amount of freedom for the people, which guarantees the preservation of our Democracy, and our Republican institutions through the ages that are sure to come. After the teaching, here party platforms shall no longer be governed by what has taken place in the past, but what must and will take place in the near future or the present. The scientific and evolutionary principles of government will then be adopted. Our statesmen will then tell what effect to expect from certain causes. Our laboring classes can then tell how to advance and when to advance. Capitalists and merchants will then know how to increase their prosperity along well-known grounds.

We may here date the birth of new ideas and principles that must ultimately embrace the whole of society.

We stand here to-night a small body guard, yet it is the beginning of a most extraordinary movement. Do not think we claim to bring forth a new earth, a garden of Eden overflowing with milk and honey, far from it! we do not believe like the socialist and idealist that there can be complete contentment and happiness on this earth; it is not in human nature. If there were such a thing there would be no more progress, and civilization would be stationary. But what we in this institute intend doing is to show the way, to show man how to move and why he moves, the laws and principles that govern the actions of the race, and how he may develop along simple lines and work out his own salvation.

I know a stupendous task is before us to convince our fellow-men how they ought to move, but let every one of us put a shoulder to the wheel. We must make all believe in the normal evolution of the race to a higher level, that the better side of man predominates over the bad, that we are not destined to be swallowed up by anarchy or ruin and show the reason of the faith that is within us. Then instead of civilization advancing by fits and starts and diverging to right and left, it will be one grand

triumphant march, pushing steadily forward until the ultimate welfare of the human race is reached.

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ADDRESS OF HON. CARROLL D. WRIGHT.

The chief magistrate of our country and some of the heads of the most powerful executive departments, have been in town to-day, laying a cornerstone with the proper ceremonies for a monument to our great general. As the chief magistrate of our country it was proper that he should be there. Greeted with processions with great concourses of people and the cheers of fifty thousand citizens, he performed the function of his office. But I come to you to-night as a more humble representative of that Federal Government, to bring to you the congratulations and good wishes of my own department, and help to lay the cornerstone of an institution which to my mind means more for the welfare of the people than that other. I assure you it is not only a great pleasure to me to come here in this humble capacity to represent the Federal Government to-night, but it is a great honor, and I know that in the future I shall look back upon the little part I played in the establishment of this institute with gratifying pleasure always.

It is peculiarly fitting perhaps that my own department, that of labor, which might better be called the department of Social Economics should perform this humble service for you and for the welfare of our citizens generally. The law of that department says that the head of it has authority to make investigations into all subjects relating to the social and moral prosperity and education of the people, a platform indeed strikingly suited for a College of Social Economics, and it is along these lines for nearly twenty years that we have been at work collecting statistics which should help either to prove or disprove old theories, or, more especially to help us along to lines of development that shall aid us in our work at large.

Political economy along the earlier lines never recognized the power of moral laws and moral forces. Social economics looks toward the moral and religious side of man as well as his mental capacity. Dr. Newman said that history is past politics,

and politics present history. He might have gone further and said that history is the activities of the people, as shown along the lines of purely industrial conditions of the world from time to time. And now we are beginning to extend that internal development to moral forces, and the higher spiritual nature of man, which is brought on to a higher plane by understanding thoroughly each man's relation to his neighbor and to the community in which he lives.

The address of the chairman this evening was so apt in discussing the various phases of political economy and their many conflicting theories, that there came to my mind a pleasant story as showing how the facts contradict the theories. The story is told of two stammerers who were on their way to France. The one said to the other—Whe—Where are you go-going. "Oh," said the other, "I'm go-going to Dr. ——— to get cu-cu-cured." "Oh, yes," was the reply, "He's a go-go-go-good man. He cured me." It is often that way in political economy. Not only do you fail to gain knowledge, but you sometimes lose information in studying some things. A very few years ago a political economist in New England, who wrote a book that has been somewhat widely used as a text book, in his introduction said that he intended to so state the principles of political economy in his book that they would never have to be re-stated. That is as far as he had advanced. He had advanced to the finale of things, and when a man reaches the finale in any branch in society, you may rest assured that he has only started his studies. But to enlarge studies this new department has been opened which is called Social Economics.

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#### DR. SELIGMAN'S REMARKS.

I feel as if this audience rather needs to have an apology given it for having one of those animals (political economist) presented to it, of whom we have heard so much this evening. The political economists of to-day, I confess, are beginning to be modest. They do not feel as if they have conquered the whole

universe. They feel as if there is still something left to learn, and they recognize this attempt by the president of this college as one of the most original and at the same time fruitful lines that has been started. There are two reflections that have come to me to-night which bring to my mind an exceedingly good use that may be made of social economics and political economy.

Economy is, of course, something that we all like to preach and very few of us to practice. With Aristotle it simply meant the management of the household, and he developed his investigations so as to include not only a management of domestic affairs, but also the management of the various kinds of states and cities. And so among others he spoke of political economy as the management of households, free cities and free states. Now political economy in that sense, in the sense in which Aristotle used it, is not at all what we mean to-day by economics or social economics. In the sense in which he used it, it is more akin to what modern writers call the science of public finance. But then social interests were not at any time predominant interests. The great writers of the last, and even of the present century have gradually transformed the political economy into something more nearly approaching our conception of social economy, and have, so to speak, put social considerations into the frame work or body of what was simply known as political economy. I therefore greet with all the more satisfaction the efforts of your president, because he has been brave enough to put in his writings the word "social" instead of "political."

Now it may occur to some, certainly not to those who have followed Mr. Gunton in his work, why it is that social economics are of so much importance to-day. All of you who have studied history will know that in former times scientists were accustomed to classify civilization on entirely different lines. At the beginning civilizations were classified by their religions. The religion was supposed to have been the keynote of the whole civilization. I am not here to deny the truth of that, but if any of you have studied the history of religion you must have learned that many of the great religious teachers began with their social ideas. It was the social condition of the people and society at large which

really influenced those great minds which formulated the religions in which the world now lives. Later on came the classification of civilization by law. The legal systems of the Romans promoted a more flexible and elastic system. But here again it was reserved for recent writers and thinkers to point out the close relation between law and social economics. While, of course, no one denies that law has its influence in guarding to a certain extent social forces, he would be short-sighted indeed to deny that it is the influences which social forces exerted which made legal systems necessary. The legal systems of whatever nation or time are simply the outward manifestation of inner social forces. So that, after all, the classification by legal systems brings us back again to a classification by social forces. Last of all we come to those who made the civilization depend upon politics, and the whole world of philosophy and politics has been directing its notice to that point for the last hundred years. But here again recent thinkers have shown what a mistake that is. Carlyle has said "Liberty is a divine thing," but to have liberty and to die by starvation is not so divine. In other words, starvation in a democracy is no better than starvation in a monarchy. So that, after all, the political complication of different societies is again dependent upon social structure. Politics is simply in the long run the manifestation of social economics.

And so I might go on, but whatever classification of civilization is attempted, it is found that it is the conditions of social life, and those alone that mark the right line of classification.

There is another point of view from which we may regard the importance of this College of Social Economics. The contest between theory and practice is supposed to be a never ending one, but here that contest is non-existent. The best definition of a theoretic or scientific law was given in the last century by the great philosopher, Montesquien, who said that social law is simply the necessary relation between facts. If that is true, then how can there ever be antagonism between theory and practice? In reality of course there is no such antagonism. What has discredited theory and theorists is the fact that various theories put forward as true have fallen through. It is philosophy that is re-

sponsible for the damage. Therefore, I think that we ought to appreciate the importance of this college and the work done by the president of the institute in his attempts to co-ordinate theory with facts ; not in his opposition to the importance of theory, but in his developing a system of theory which shall be in harmony with the facts and not antagonistic to the facts. We are living in an age where, as has been said, too much stress has been put upon the theoretic and too little on the material side of things.

And finally in closing, just a word of personal explanation. It has often been said that the universities of to-day in the United States are opposed to the founding of any more small colleges, holding that what we need is not a multitude of universities, but the concentration of only a few large institutions. Now while this is probably true, it is not applicable to the institute that has been founded to-night. It has been my privilege as well as my pleasure, not only to see a great deal of Prof. Gunton, but to honor and respect him and admire him for his ability. Therefore, I can assure him that no one will look to the founding of the Institute of Social Economics, and its prospects, with greater pleasure than the university professors, and that no one will watch it with more heartfelt sympathy and earnest good wishes.

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REMARKS OF REV. DR. RYLANCE.

I was invited to come here this evening to say a few words concerning the College of Social Economics, but I think it a very dangerous license to give a professional talker the privilege of saying a few words. I am here to speak a hearty and heartfelt word for Professor Gunton. It has been my happy fortune, and I have been the gainer by the acquaintance, to know him for many years, and I have always had reason to be grateful for the intimacy, because he is a man who confers something. He is a most admirable man in himself, in which opinion one member of this audience at least will agree with me. As a professional man and a scholar he has that in him which makes it worth while to know him. I have been most struck by the devotion of the man to his calling. With Mr. Gunton it means almost a religion. It

means devotion to his calling and there is a tangible acknowledgement of that devotion visible to us to-night. I have no doubt that the benefits of that inspiration will in future years be very wide. He is a man who came among us with no banners, no pomp, but with only his personal work—silent, not of a very demonstrative nature, but beginning to do solid fruitful work among us. Men opened their eyes before him. We ministers, whenever we want to find out certain facts, have to hunt laboriously through encyclopedia. Now we have a simpler recourse. We have only to come here to this living encyclopedia and he will tell us all we want to know and clear up all our difficulties. We can then go forth and put out our facts with an absolute authority for their correctness.

Some benefits I got out of the meeting this evening. Before I sit down I will acknowledge them if you please. The chairman has given me great consolation and comfort. Sometimes I feel a little shaky under the people who assail my religion. While I am confident in its superiority, I know that there is a great difference in opinion and discord among its followers. True, lawyers differ, and indeed they get their living out of their disagreements. But I never knew before of scientists disagreeing to that extent, or that it was possible for them to have four different conclusions in reference to one question. I shall certainly take my religion to bed with me with a feeling of security and comfort. Some people say that because Christians disagree there is no religion. It does not follow, however, that there is no religion because religions disagree, any more than it follows that there is no science because scientists disagree.

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#### DR. EATON'S ADDRESS.

I am very glad to stand here to-night because of my interest in the questions which are discussed by Professor Gunton, and because of the large interest he has excited not only among the students of this school but among the thinking men and women of every class. I think there is one thing he has done for us above all others. He has put a new hope into our hearts. I think it was a great philosopher who said that there is a large



amount of suffering in the world that is the result of the virginal sin of man, and that because Adam fell some thousands of years ago, labor will always be compelled to reap thistles in the world. Now I think I would rather hold Professor Gunton's theory, because he places man's hope side by side with the facts. To me there is very much hope in the fact that there is one man something like a Darwin standing in the presence not only of the Goliahs of modern civilization, but before the despair of modern times. President Gunton, with a rare courage, has set out to conquer the minds that spring up in modern civilization.

And we want in this hope in some measure to rely on the present. We do not desire to live in the future, we desire to live in the present and in the conditions of the present hour. And the multitude of questions coming up around us are so imperative that I think we all want to feel that something is being done to remove the difficulties before us. Professor Gunton will give us courage and I know of nothing more needed than courage. Knowledge of principle and methods first of all, a clear head, than a warm heart and an active hand. But Professor Gunton will not only give us knowledge, but he will give us sympathy. We need sympathy between the classes, and sympathy which is based upon an intelligent appreciation of the relation of man to the body, and the various relations of the body to the home. So that I rejoice to-night that knowledge and sympathy are wedded. There is a pessimistic tendency on the part of the American Republic which it seems to me ought to be decried. I believe thoroughly in optimism because I cannot believe in anything else. So also I suppose the people felt on that ferry-boat which came to such disaster mid-stream not long ago. It had crossed the river probably thousands of times with safety and no one even dreamed of danger. But the man in authority had been caught between the machinery and killed, and the boat went on to its doom without a guiding hand. Remember that there is always an engineer somewhere with his hand on the lever, and remember that with all our hope we must be constantly at the helm, as this school is. Nothing else will make progress and activity.

Now just a word in regard to the science of progress. When I was a young fellow I used to run about the streets of a small manufacturing town in Massachusetts, and from time to time I used to see a man who was smaller than myself in body but large in mind. This man had been discharged by his employer for his peculiar views and principles. This man was Ira Steward. Not long ago I met the sons of the manufacturer, one of them a man distinguished in the army and high in the political life in his own State. All of them spoke in the highest terms of the work of Professor Gunton and the theories he advanced, which theories are the outcome of those originated by Ira Steward. So it seems to me that there is a sign of progress even in this personal incident to which I refer. But the philosophy of Mr. Gunton as compared with that of Ira Steward is very much like the modern rifle as compared with the blunderbus. Let me then cordially congratulate Mr. Gunton upon something which I think he holds more dearly than any personal praise—the growth of the public appreciation for the principles and theories which he has made a kind of religion. And let us believe that in this meeting he has “hitched his wagon to a star” and will mount to the star by the harvest which this school shall afford.

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#### CLOSING REMARKS BY PRESIDENT GUNTON.

After so many pleasant things have been said about both the work and myself, probably the less I say the better. However I cannot refrain from indicating my appreciation of the kind words of interest and encouragement that have been expressed by the speakers this evening. This meeting is a land-mark in social advance. Only a few years ago such an event would have been an impossibility. Twenty years ago an attempt to establish an institution for teaching a social philosophy in which the industrial welfare of the laboring classes is the corner-stone of national progress, would not have received the cordial co-operation of representatives of the United States government, of the leading universities and the church, but, on the contrary, it would probably have been treated as an act of a

dangerous agitator. The success of this institution must not be ascribed to me personally but to a progressive movement of society. A single individual can do little when struggling against the social current, but he can accomplish anything by working with it. The establishment of a College of Social Economics with the hearty co-operation of the press, the universities and the church is a sign of the times. The remarks of Dr. Seligman—that civilizations can no longer be classified by religions, armies, aristocracies or political institutions, but by the social status of the masses, marks a revolution in social philosophy.

Were this fact thoroughly understood by our capitalists, they would change their attitude towards many of the social movements going on among us, and instead of regarding strikes as being so much clay in the hands of a few anarchistic potters, they would look upon them as movements toward the improvement of society, and a part of the problem we have to solve. And they would see moreover, that this country, not because it is American, or because it is a Republic, but because it occupies the front rank in wage level and therefore in the march of civilization, is to meet that problem. The only safe way to do this is to advance sound views and a more full industrial economic education. If there is one thing more than another that I take pride in, it is that the influence of this institution will be in the direction of giving a more democratic basis to sociological and scientific studies. I greet with pleasure Dr. Rylance's suggestion, that ministers should come to us for information. I think a great many of them need it, and if they will come it will give us pleasure to form a special class for them. The church is probably the most powerful institution in the community, and if the workingmen are leaving the church, it is because the churches themselves fail to take sufficient interest in the workingmen.

I thank you most heartily for your kind appreciation of our work, and we will try to justify what has been said, by our work done in the future.

## Industrial Notes.

To the striking N. Y. City varnishers, the eight hour day has been granted.

THE coal industry of the United States affords employment to 300,000 persons.

THE Electric Wiremen's Union has been granted an increase of wages to \$3 a day.

THE cabinet makers have gained the eight hour work day in ten shops in this city.

THE teachers of the public schools in Fort Dodge, Iowa, are on a strike for higher wages.

THE exports of wheat from India to Europe during 1891 reached a total of 1,397,466 tons.

A TEN per cent. reduction in wages caused the two hundred blacksmiths in Pittsburg to strike.

THE Massachusetts Legislature has passed a bill fixing ten hours as a day's work for railroad employees.

IN the City of New York there are about 7,000 Syrians, Persians and Arabs who speak and read the Arabian language.

THE bill providing that New York City laborers shall get \$2 a day and 25 cents an hour for over-time, has passed the Senate.

THE Central Labor Union has resolved to send resolutions to the Senate requesting the passage of the Woman's Suffrage Bill.

THE world is producing 100,000,000 pounds of silk a year. Twenty-five years ago there was no American silk made to speak of.

IN some States sheep breeding is on the decline because dogs kill about four per cent. of the total value, or \$4,000,000 worth annually.

THE delegates of the hatmakers announce that, for the first time, the New York Police will receive Summer hats made by union men.

A NEW YORK Post Office machine cancels 30,000 stamps an hour. It works automatically; there are five of these machines in the city office.

THE mineral products in the United States at the date of the last census were of fifty-five varieties, and were valued at \$587,230,662.

AS shown by the reports at the National Convention in Halberstadt, the entire membership of the trades unions in Germany is about 350,000.

RENFREW, PA., has a new industry in the form of a plant for the manufacture of lamp-black; one barrel of oil will yield thirty-seven pounds of lamp-black.

A RUSSIAN can plead infancy for a long time, as he does not come of age till he is twenty-six years old. This is the result of low civilization and poor wages.

THE leading industry of this city is the making of clothing; garments not only for local consumption, but for shipment to other parts of the country are made here.

A LARGE mass meeting is being arranged for in Kansas City, Mo. Organized labor is going into a third party which is certainly unwise as it will decrease their power.

BLOCKS of stone are cut in Switzerland by means of a saw seven feet, three inches in diameter. The teeth are made of diamonds, held in small disks of steel.

FOUR THOUSAND men returned to work for the Pelham Hod Hoisting Co.; the company agreeing to employ only members of the Eccentric Engineers' Union No. 1.

THE cabinetmakers and varnishers of Herter Brothers, 20th street and 5th avenue, struck again for an eight hour working day. Two hundred and fifty men left their work.

AT the session of the Supreme Association of the Patrons of Industry held in Toledo, Ohio, over fifty delegates were present representing a claimed membership of 800,000 farmers.

OWING to the increasing power of the labor movement, the wages of the bottle blowers were increased and the hours reduced; thus decreasing the profit of capitalists from nine to five per cent.

ONE HUNDRED boys and girls struck for an advance of \$2.40 to \$3 per week at the Dolphin Manufacturing Co., Paterson, N. J. The mills closed, thus throwing about 900 persons out of employment.

THERE are indications of trade paralysis at Dortmund, Prussia; over 2,000 laborers in the iron works have been thrown out of employment and the services of many others are soon to be dispensed with.

ARCHBISHOP CORRIGAN is going to build a trade school for orphans at Madison avenue and 51st street which shows the catholic priesthood to be working up to the improvement of industrial education.

AN important invention has been made in the adaptation of magnetic electricity to the prevention of the slipping of car wheels. The use of it is said to increase the hauling power of an engine many per cent.

THE land under cultivation in Japan is about 18,000,000 acres, upon the product of which 41,000,000 must be fed; the average farm is but one to three acres, which comes through the poverty of the country.

THE total pack of salmon for the Pacific Coast has usually

been about 1,500,000 cases yearly. This year it is estimated it will not reach 1,000,000; the combination thinking to better the market by reducing the output.

FULLY 12,000,000 acres of barren land in the Sahara Desert have been made productive by a system of wells connected by means of ditches which are thereby made to irrigate land now used for wheat fields and vineyards.

THE demands made by the workmen in Belgium at the time of the strikes in 1886 were partly economical and partly political. Restriction of the hours of labor for women and children, as well as for men was included, also a minimum rate of wages.

THE wives and daughters of the union carpenters of Indianapolis have formed an auxiliary society. The wives and daughters of union workmen in Lynn, have formed an auxiliary society and expect to raise sufficient funds for the erection of a club house. An excellent movement.

THE effect of the strike of the Durham coal miners is becoming daily more apparent. Never in the history of trade and industry in the North of England has there been so grave a crisis. The miners though suffering, are said to be firm in their determination not to accept any reduction in their wages.

MR. ALFRED DOLGE's profit-sharing scheme is attracting world-wide attention. The manager of the Commercial Museum of Osaka, Japan, recently wrote Mr. Dolger a letter which evinced much interest in the matter and inquired for details. The press of England and France have made very flattering comments upon his efforts to benefit his employees.

A BILL before the Ohio Legislature provides that any firm, company or individual which tries to prevent employees from founding, or discharging them for belonging to any labor organization, shall be guilty of a misdemeanor and shall be fined not exceeding \$500, or imprisoned not exceeding one year.

THE extraction of oil from sunflowers has grown, from a modest beginning in 1842, to an industry of immense proportions. More than 700,000 acres of land in Russia are devoted to the cultivation of that flower. Two kinds are grown; one with small seeds, which are consumed by the common people in enormous quantities, very much as people eat peanuts in the United States.

THE International Rain Making Company has established headquarters at Huron, California, a region that has about 70,000 acres in grain, and is negotiating with the farmers to supply enough rain to insure six sacks or more of grain an acre this season, the pay to be collected after the crop has been harvested. If the season be favorable, the rain makers will collect fifty cents an acre; if unfavorable, they will lose nothing, except the cost of the fireworks.

THE Secretary of the Bimetallic League in London has written to the newspapers emphasizing the point that the shelving of the Free Coinage Bill in Congress does not affect the establishment of an international agreement concerning silver. The leading financial organs in England seem to concur in the view that no international Bimetallic agreement is possible. The reason is that the value of silver is fixed by the cost of its production and cannot be changed by any agreement.

MR. THEODORE L. DEVINNE, proprietor of the Devinne Press, at No. 12 Lafayette Place, on the 1st of April distributed, without discrimination, to more than three hundred employees, a sum equal to five per cent. of his year's wages. This action is only the extension of an experiment which he began ten years ago, when a quarterly dividend was paid to the foremen of the various departments according to the prosperity of the business. This year, even the errand boys and girls participated. It was a condition of the payment of this dividend that there should be no strikes fermented nor any opposition to the policy chosen by the proprietor.

THE City Improvement Society, organized but a short time, has accomplished much good already. The first important work was to clear Third Avenue of paving stones. The society intends to take in hand the present extortion practiced by cab drivers. It is not the purpose of the organization to harass the heads of the different departments by petty complaints, but, by investigation to first see whether a complaint deserves attention. Money needed for expenses is to be raised by subscription, and no member is to derive any pecuniary advantage from the society. Any person may become a member without cost. The Executive Committee meets at 126 E. 23rd St. every Wednesday at four o'clock.

JOHN BURNS, the great labor leader, has had a remarkable successful career for one of his years, being but thirty-three years of age, with comparatively little education and no political training. He is looked up to for advice by all strikers in Great Britain, and the influence which he wields is therefore tremendous. He calls himself a socialist democrat, and gives his employment as a "working engineer." Mr. Burns has been a member of the London county council for three years, and his admirers predict that he will go much higher on the ladder of political preferment. It is stated that he found difficulty in getting the salary of two pounds per week pledged to him by the labor organizations of the metropolis when he gave up his job to accept a position in the city council.

THERE are six bills pending before the Legislature of New York State which are the result of work of the American Federation of Labor. The anti-Pinkerton bill, which prevents the making of Pinkerton men special deputies; the object being that only one class can employ them, and therefore discriminates against the poor; the Child's Labor bill, prohibits child labor under fourteen years of

age; the Sanitary Factory bill, which provides for the increased inspection of factories; the Constitutional bill, which favors the calling of a Constitutional Convention; the State Printing bill, which calls for the establishment of a State printing office, on the ground that the State could pay higher wages than are now paid by those doing the State printing; and the Tenement House Labor bill, which prohibits the combination of tenement house and factory in the same building. President Gompers expresses much satisfaction with an interview had with Gov. Flower on the subject of these bills, and thinks they will have his hearty support when they come before him.

THE following is a brief summary of what the London council, under the leadership of John Burns, has succeeded in doing for labor:

Fair wages established in all cases.

Sub-letting and sub-contracting abolished except for work that contractors could not do in ordinary manner.

Practical clerk of works employed in each case where work of any trade is undertaken.

A maximum week of fifty-four hours established.

No man to work more than six days.

Where continuous work goes on and two-twelve hour shifts were the rule, three shifts of eight hours are now observed.

Overtime abolished.

Contract labor abolished.

In works of maintenance with parks, bridges, highways, all classes of men—such as painters, laborers, engineers, scavengers, carpenters, etc.—employed direct.

Firemen, extra holidays.

Ferryman, six days per week instead of seven, and the same for men at pumping stations.

Flushers and others now have boots, etc. provided.

The handy man abolished and mechanics employed.

#### WHAT WOMEN ARE DOING.

WOMEN load and unload vessels in Japanese ports.

MRS. MARY S. THOMPSON is practicing attorney of the Colorado Supreme Court.

THE women of the American Colony in Paris have established a Woman's Exchange which will be conducted as are exchanges of this country.

MISS ELLEN S. HATCH has opened a Subscription Bureau in Boston. Miss Florence of the same city has established herself as a job printer.

In the State of Massachusetts there are 10,646 school teachers;



9,630 of these are women ; average salary of its male teachers is \$118.07 per month. Female \$48.17.

MRS. MYRA BRADWELL, who has been for more than twenty years editor of the Chicago Legal News, is now admitted to practice before the Supreme Court of the United States.

MRS. THEO. ALICE RUGGLES was the first woman sculptor who ever received "honorable mention" in the Paris Salon. She is now one of the competitors for the statue of Shakespeare to be erected by the city of Providence.

NEARLY five hundred women are employed in the administration of railways of France. The ticket sellers are most all women and they are paid just half as much as the men, though their duties are exactly the same. Women should organize.

MISS ROSE O'HALLORAN was the first female to be made a member of the Pacific Coast Astronomical Society. Prof. Sargent declares her to be one of the cleverest woman astronomers in the world, and many others indorse his opinion.

MISS FRANCES WILLARD says that "the most efficient power in this land for the protection of women is equal pay for equal work, and of children from the stunting of the body and mind through servitude that is little better than slavery, are the labor organizations."

HELEN BLANCHARD, of Boston, realized a fortune on a sewing machine patent, and another woman has made \$150,000 on a patent baby carriage. Miss Emily Tassey has made an improvement in apparatus for raising sunken vessels, and Amelia Lindsay has patented a rotary engine.

A DISH-WASHING machine has been invented by Mrs. Josephine Cochrane, a Western girl. It washes in an hour the entire service for 400 guests. Mrs. Cochrane is forming a company to manufacture smaller sizes for private houses. Machinery will do much to solve the servant girl question.

THE present disappointing condition of Greece is due to the non-participation of women in public affairs, so assert 3,000 of the women of that country. They ask for the establishment of schools of art and industry that they might be educated and made fit to assume the positions which they claim they have the right to hold.

A MOST novel way to obtain means to attend the Academy of Design was resorted to by Miss Nora Landers, known as the "Colorist" in the class, on account of her perfect reproduction of color. She built on a lot that no one seemed to want, a rough frame structure, which she divided into small sections and called a "Store-house and barn." The stalls and store rooms she rented, and with the rentals paid off the money borrowed to build the barn, and covered her school expenses besides. What man would have thought of the scheme?

## Answers to Correspondents.

QUESTION: Is your economic philosophy consistent with plain living and high thinking?—*Boston Reader*.

Yes, where plain living and high thinking are possible. Our philosophy teaches that high thinking is not produced by low living. High thinking and low living may be found together in individual cases, but whenever that occurs it is when the high thinking has preceded the low living. In other words, all intellectual advance is the result of previous opportunities which wealth has afforded. An Emerson could exist in a tenement, but tenement houses do not produce Emersons. A general low standard of living in a community never produces and never can produce a general high standard of thinking. In a word, our philosophy is perfectly consistent with the idea that a Spencer may live in one room on bread and water, but it absolutely denies that a community of one room and bread and water living can ever produce a Spencer.

QUESTION: What are the distinctive socialistic programmes?—*Trade-Unionist*.

They are very numerous, ranging from government ownership of telegraphs to the ownership of all industrial machinery. The distinctive idea in all grades of socialism, however, is the demand for public ownership of the means of industry. Hence all propositions to put any business in the hands of government, however slight, is socialistic.

QUESTION: Is the industrial emancipation of women favorable to matrimony?—*Woman Suffragist*.

Yes. The industrial emancipation of woman, like that of man, simply means her emancipation from poverty,—not from society or from family relations. The freer woman is from poverty, the more she will be able to elevate marriage from the level of an economic compact to that of a social union. In other words, she will marry because of the happiness to be obtained from social and family life, instead of to find a man to support her. Marriage is undoubtedly a high social institution, and the industrial emancipation of both man and woman will tend to elevate and improve it—not to abolish it.

## Editorial Crucible.

Correspondence on all economic and political topics is invited, but all communications whether conveying facts, expressing opinions or asking questions, either for private use or for publication, must bear the writer's full name and address. And when answers are desired other than through the magazine, or manuscripts returned, communications must be accompanied by requisite return postage.

The editors are responsible only for the opinions expressed in unsigned articles. While offering the freest opportunity for intelligent discussion and cordially inviting expressions of well digested opinions, however new and novel, they reserve themselves the right to criticise freely all views presented in signed articles whether invited or not.

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WE REGRET that through an error of the "printer's devil" the author's name was omitted from the article in our last number entitled, "Woman's Economic Progress." The article was written by Mrs. Cornelia S. Robinson.

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Gov. WINANS advocates with many good reasons the Michigan system of electing presidential electors by districts instead of states, as tending to discourage bribery and corruption of all kinds, to give the real majority of citizens their president, as seems reasonable, to destroy the undue influence of pivotal states, to stop gerymandering and other political dishonesties, and every-way to bring in a better political method and result than we get at present. He believes our present system to have been adopted simply as a ready means of reducing political opponents to their most impotent condition.

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MR. EDWARD ATKINSON writes complaining of our criticism of his "Definition of the Principle of Free-Trade" in our last issue, and inquires where we obtained it. Our reply is that we obtained it from the Boston *Herald*, which we suppose to be Mr. Atkinson's Boston medium. We shall be glad to learn, however, that the paper had mis-stated his position, though this Mr. Atkinson does not yet state. We take the liberty of asking

the question squarely of Mr. Atkinson, whether the report is correct or not. If not correct, will he please give his "Definition of the Principle of Free-Trade," and then we shall be happy to discuss it.

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THE METHODIST CLERGY in general conference, bishops and all, have passed a resolution against the tendencies of wealth to concentrate in large fortunes, advising also that such concentrations threaten destruction to the State. Perhaps they think an Indian tribe, where there is no concentration, is in a more stable and solid condition than our Republic. But while these leaders are about it, why do they not pass a resolution deploring the tendency of the centre of the earth to concentrate the globe about it. It would do just as much good, and is of the same order of resolution. They seem not to have observed that the concentration of wealth is essential to social progress. Pity the clergy try to get along with so little real thinking on social matters, for which their calling is especially adapted.

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"OUR NATIONAL DUMPING GROUND," by the Hon. John B. Weber and Mr. Charles S. Smith, show how great advantages we have derived from our past freedom of admission to emigrants, and how great is still our capacity for receiving them to advantage. It seems that all told we have received only fifteen and one half million emigrants since the Revolutionary War, which, among sixty-five million, is certainly not alarming. Everybody agrees that we ought to keep out bad people, and to that end ought to make conditions sufficiently exacting. Mr. Smith goes over the familiar ground of the large proportion of criminals and paupers which foreigners furnish us, as showing the need of severe restrictions to keep out the undesirable. The increasing interest of our citizens in the national character is every way encouraging.

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MR. BELLAMY STORER is struggling in the House of Representatives to introduce a bill for a monetary congress with European powers with a view to establishing a stable ratio of coinage between gold and silver. He imagines that a general

agreement to keep the two metals at such given ratio could somehow establish it there. He might as well look to an agreement between nations to establish a price for wheat or copper. If Mr. Storer could once learn that the value of silver, like that of shoes, depends on the cost of production, he would see how little any agreement would affect it. If the cost of producing silver should fall to the cost of producing iron it would be offered for the price of iron. The true way to establish a ratio between gold and silver would be to learn the cost of producing each, and then figure that cost as the basis of value for each. There is no other, and that value must always fluctuate with changes in cost of mining each metal. To establish a value by law is like trying to establish a weather for April.

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CONGRESSMAN HARTER at the Jefferson Banquet in Boston spoke in his earnest way the best possible sense about the silver question, advocating the cessation of our present silver purchases, which have entailed, he said, a loss of fifty millions on the government already, and had really incurred a loss of 150 millions unless Europe should re-monetise silver, which could only be compelled by our cessation from coinage. If he could have added that even such a remedy would be unavailing to keep gold and silver on an equality so long as the cost of producing silver was so much less than that of producing gold, he would have abandoned the phantom of bi-metalism also. In fact the improvement of machinery and opening of new rich silver mines of which an unlimited number are waiting development will almost certainly reduce silver still more. So that one may say that we are just at the beginning of its decline, and there is no reason why it might not go down to half of its present value or further. There is no reason in the nature of things why a metal should remain precious because it was so once. Aluminum has fallen from the price of gold to that of a common metal, and silver may do the same thing. We should be wise in season and follow Mr. Harter in adopting gold as a secure basis, and follow him further in removing the govern-

ment from all responsibility for money in any way, excepting its stamp guaranteeing weight and fineness of metal. The government should no more supply money than it should iron or factories.

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REV. CHARLES FERGUSON, of Syracuse, preaching at All Souls' Church, in this city on April 24th, "held a large congregation spell-bound" while he advocated the following widespread social errors. He said: "A true man does not sell his services, he gives them." Seeing that everybody is selling his services daily and not giving them, this is a serious reflection on the true manliness of most of us. And seeing that Mr. Ferguson sells his own services as clergyman to a church for a salary, the reflection reflects upon the reflector. Nobody gives his services unless he is given so much income from somewhere as will keep him going. And to advocate universal giving therefore instead of universal selling is to advocate the overthrow of society. And worse than that, universal giving of money, labor, self or what not is as much inferior as a foundation of society to universal selling as a quicksand is to a rock for the foundation of a building. Giving money tends to make mendicancy a business; giving services leads to shiftless and ignorant methods of doing things; giving one's self leads to an increase of selfishness in those to whom one's best is freely given. Spoiled children are the products of self-sacrificing parents. Exacting and tyrannical servants are made by self-forgetful masters. Beggars are increased by large alms-giving. There is no better society than that where every man asks of every other man a just equivalent for his services of every sort. That braces each up to square honesty of conduct, to manly self-respect, and to a fine and true sense of honor. Nothing could be more tonic.

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THE EDITOR of *The People* mentions the opening of our College of Economics in rather abusive terms as being another institution to defend capitalists, and warns the workmen not to be deluded by our name and pretenses. He is evidently of the opinion that the economy of the universe is a matter of human

enactments and statute laws. He believes that the organic movement of society is shaped, not by human necessities, but by human wishes. If such were the case he would be right and we should be wrong. He would be able to contrive an arrangement by which everybody should have everything, whether everything were produced or not. But unfortunately for his cause, this is not and cannot be the case. All the laws imaginable could not force any man to produce more than he wanted to use himself, and he would not produce more if his surplus were to be taken from him by law and given to someone else. It is no fun to work and nobody ever works if he can help it, except because he wants more things of some sort than he has. Take away from him that incentive and he would work just enough to supply his own wants and no more. That is just the condition of an Indian tribe; and all are poor together in consequence. So it would be under the socialists' scheme; confiscate all property, set the government to running everything, distribute the products to every individual equally by law or force, and you would see everybody settling back to the idle and indolent habits of Indians. Each would work enough to live and no more.

We are not to blame for this, but we say that so long as it is the case we must guard against it by securing to everybody the fruits of their own exertions—to the manufacturer his surplus, to the workmen his wages, to the merchant his profits, to the inventor his machines, to the writer his books, quite regardless of its being more or less.

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THE FRENCH *Journal des Economistes* makes mention of a prize of 2,000 francs to be given for the best essay upon "the moral ideas of ancient Egypt." It recites as the sources of information on the subject Egyptian philosophy, hymns, prayers, religions, poetry, moral maxims, romances and writings about death, funerals, and the nature and destiny of the soul." It does not mention the economic condition of the nation as having deeper bearing on the matter. It seems to be forgotten that the same moral ideas were known in ancient Egypt and in

modern Europe of the Middle Ages, although one was heathen and the other christian. Under christianity the same moral maxims are found in mediæval Rome, modern Russia and protestant America, but in social or actual morality the last is ages in advance of the others. In the times of David, King of Israel, a great general could take a captive by the beard in a friendly salute, as then customary, and inquire after his health "Is it well with thee my brother?", while he drove a knife under his fifth rib without a tremor. But Joab had fine maxims enough to go by as did the ancient Egyptians who had hammered into mottoes many of the principles of the Sermon on the Mount two thousand years before it was uttered. But to find out how far these maxims were acted upon and what was the moral and social condition of the people, one must learn their economic condition, and what were the average wages and how much a family cost to bring up. We trust French economics may reach this point of inquiry eventually.

The same journal reports that the "French Academy of Moral and Political Science," will give prizes ranging all the way from \$200 to \$1,000 for the best essays upon a large variety of subjects, historical, economic, legal, questions of emigration and population, of philosophy, ethics, poverty and the like. This seems to us a method worthy of adoption in the United States, since it is likely to prove a powerful agency for education. Let a system of annual prizes be established for the best paper on pressing questions of the day, and a thousand students would be spurred up to careful study of such matters. The papers presented would represent the state of knowledge up to date, so that it would be comparatively easy to keep abreast of the growing wisdom of the times. We wish some benevolent millionaire would consider the subject carefully, and see whether his own honor and the world's advantage might not be yoked together in the establishment of such a prize-giving foundation, whose value would increase with time. We ought not to be behind the French, in this any more than we are in the following respect.

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AN ARTICLE IN *Blackwood* on the history of small holdings



of land for agriculture in England betrays a curious wabbling of mind as to the place of economics in human life. The author revises that history for the last four hundred years and finds that the evidence is conclusive against the profitableness of small holdings. But he is moved by old superstitions as to the value of a poor, "industrious and contented (?) peasantry" to a country, to find the question still undetermined in spite of the economic conclusion against it. He has not advanced to a consideration of the question of the value of a poor and wretched peasantry, much less to see that they never have in history, and never can be of any great value especially in a wealthy community.

He concludes, however, that small holdings must have "a political and social value" as such eminent statesmen as Lord Salisbury and Mr. Chamberlain claim for them. Pity such leading men should be so deluded! But political superstitions are as tenacious of life as any other, and this will stick in men's heads till near the crack of doom probably. It saves thinking to believe it and rest upon it.

But one would think that the sight of the wretchedness and immoral condition of English agricultural laborers would sufficiently reveal to enlightened statesmen the hopelessness of trying to make good citizens out of such material. And in view of the increasing prosperity and power of factory workmen and their widening intelligence one would think also that none but the wilfully blind could miss the evident conclusion that good citizens were more easily made in towns and factories than on farms and lands. If they could see to the end of this they might quickly stop thinking on the useless problem of trying to make the best out of the worst instead of out of better, which would be handier. A sculptor should use marble, not pudding stone for his works.

Our writer doubts whether in the long run economic tendencies will not beat the statesmen, which is indeed something, though he might as well doubt whether in the long run two dollars would not buy out one, or a hare outrun a snail. Gravitation is tolerably sure to have its way somehow, and economic tendencies are social gravitation.

MR. PAUL DESCHANEL, member of the French Chamber of Deputies, has been traveling in this country to examine the condition of the workingmen. He finds that condition to be so far in advance of anything known to the French as to fill him with amazement and despair. He thinks it impossible to bring the French workman up to a corresponding wealth and position. He finds also that our position has been secured, not by laws nor by external advantages of any kind, but by the exertions of workmen themselves, whom he represents as having quite superior intelligence. He says, "They prefer to arbitrate with employers rather than to get legislation and have State Boards to interfere."

He is quite at a loss to understand how this favorable condition has been secured. He does not see, that what does it is the continual expansion of wealth among our working people, and that that is consequent on a perpetual expansion of the scale of expense. That their large consumption, which old-fashioned economists would call waste and extravagance, is the basis of their prosperity, will probably not occur to him for some decades yet. He says the French workmen cannot afford to have fine club-houses as ours have, cannot afford such houses nor such furniture, and therefore there is no use of urging them to try for them. So he inclines to sit down.

The answer to this is, that so long as French workmen think they cannot have such things they will not have them, for as a man thinketh, so is he. The source of income to society is outlay, and where the workmen make themselves good customers there they get good wages, and where they have great wants they will be sure to take such means to gratify them as will result in the attainment of their objects. The truth with French society is, as we have before remarked, that the policy of economy has been drummed into Frenchmen till the common people have become parsimonious to the utmost and are not willing to spend a penny that can be spared. Poverty thus makes poverty, no outlay makes no income, economy paralyzes production, and the whole nation suffers together in the wretchedness of going without. They will never begin to rise until their wants overtop

their niggardliness so as to make them expensive. They must cease to be content with the least they can get along on, and become discontented until they have secured all they want in order to spend it for things. Few expenses means few wants, few wants low civilization, low civilization means privation, There is no way out of this bad circle excepting that of increased family outlay.

Mr. Deschanel may not see this, as we said, and French economists may not see it for some time, but the hideous spell of poverty will never be broken till some one does see it, and preach it, and get it acted upon. Then the nightmare and pall will begin to remove, and the French nation will have its working people in as good condition as ours. There is nothing to hinder this consummation.

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THE NORTH AMERICAN REVIEW for April has an article by Mr. T. N. Page, entitled "A Southerner on the Negro Question," in which he speaks of it as one of our gravest problems, and asserts that the Southern whites in no case will allow the negro to become the ruling power of Southern States; that he is not fit for it and cannot at present become fit, since he has not the constitutional capacity for sufficient development. This position he further strengthens by reference to the slowness of change in the negro condition since the war, and his utter failure to sustain civilization when left to himself, as in Hayti. Mr. Page undoubtedly represents the general Southern opinion on this matter and the Southern intention. They are resolved that the negro shall not govern, whatever bills may be passed and whatever objections may be raised. Nor could anyone regard negro domination at the South with any less approval than he would the dominance of the lower classes of population at the North. The rule of the inferior would result in deterioration in any community.

The main objection we have to Mr. Page's position is in his attitude. He marks off the negro population as an exceptional body of American citizens to be opposed, coerced, or cheated, as the case may be, in their right as citizens, to the end that the power of the whites as a superior race may be main-

tained by force, fraud or cunning, or any means whatever. Now we submit that this spirit is utterly un-American, that it not only contradicts but overthrows the basis of the American state, and so far makes the Southern problem insoluble. Our main principle of a democratic community is repudiated by such an attitude. In every nation there is always a lower class and an upper class; there are ignorant and intelligent, wise and foolish, capable and incapable; and the fact that the lower classes are most numerous has always been objected to every democratic government under the sun. But the American theory calls for the management of affairs in such a way as will carry the interests and consent of these lower classes along with it. Everything is to be done by the aid of their votes, and those votes honestly counted. Therefore a large part of the industry of community goes to the enlightenment and organization of these masses of voters. This has to be done not in the spirit of dominance and opposition, but in the spirit of sympathy and reason; and this spirit it is which alone can make a democracy safe and strong, this alone can solve the Southern problem as it solves the Northern problem, can make a progressive and safe Southern civilization as it has made such an one at the North. But just so long as a distinct principle exists in the superior Southern mind to put down and keep down the inferior race,—just so long will the solution of the Southern problem be postponed to the infinite injury of everybody. The basic difficulty is that the Southerners are not truly republican, they are not democratic; they do not believe in the masses, they do not trust the unintelligent. They believe in superiority, in aristocracy, in government by the few, in everything non-American. They are belated theorists of the pre-revolutionary type. So instead of solving their problem by a democratic method, they wish to solve it by the feudal baron method, by which it will not solve.

Meanwhile the superior race may vapor as it will, without ever reflecting that it is the exclusive management of that same superior race which has brought about the present state of affairs which it is now dissatisfied about. The same superiority, which has made things bad, might easily, if left to itself, make them worse, and with its present theories would be sure to do so.

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Hon. CARROLL D. WRIGHT will continue his incisive **Lessons from the Census**. Dr. ANDREW D. WHITE will contribute some concluding papers on **The Warfare of Science**, and there will be occasional articles from Hon. DAVID A. WELLS and from DAVID STARR JORDAN, President of Stanford University.

The other contents of the coming numbers cannot be definitely announced at this time, but the character of the contributions may be inferred from

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THE STORAGE OF ELECTRICITY (Illustrated),  
*Prof. Samuel Sheldon.*

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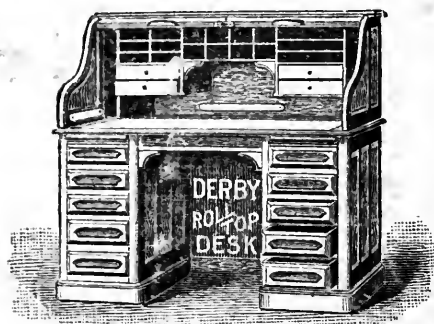
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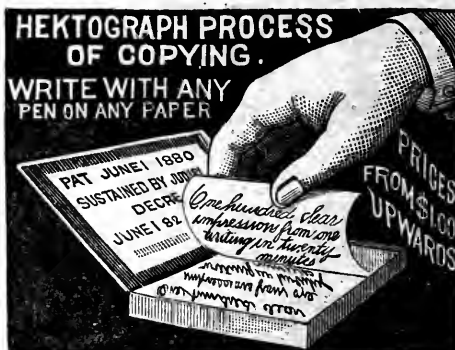
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